

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONTRACT PHARMACEUTICALS LIMITED, CPL CANADA HOLDCO LIMITED, CONTRACT PHARMACEUTICALS LIMITED CANADA, GLASSHOUSE PHARMACEUTICALS LIMITED CANADA, AND GLASSHOUSE PHARMACEUTICALS LLC

(the "Applicants")

**MOTION RECORD
Returnable March 21, 2024**

March 18, 2024

Goodmans LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto ON M5H 2S7

Christopher Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Erik Axell LSO#: 853450
eaxell@goodmans.ca

Jennifer Linde LSO#: 86996A
jlinde@goodmans.ca

Tel: 416.979.2211

Fax: 416.979.1234

Lawyers for the Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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CONTRACT PHARMACEUTICALS LIMITED, CPL CANADA HOLDCO LIMITED,
CONTRACT PHARMACEUTICALS LIMITED CANADA, GLASSHOUSE
PHARMACEUTICALS LIMITED CANADA, AND GLASSHOUSE
PHARMACEUTICALS LLC**

**SERVICE LIST
(As at March 18, 2024)**

PARTY	CONTACT
<p>GOODMANS LLP Bay Adelaide Centre – West Tower 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7</p> <p><i>Counsel to the Applicants</i></p>	<p>Christopher Armstrong Tel: (416) 849.6013 E-mail: carmstrong@goodmans.ca</p> <p>Erik Axell Tel: (416) 475.2011 E-mail: eaxell@goodmans.ca</p> <p>Jennifer Linde Tel: (416) 849.6922 E-mail: jlinde@goodmans.ca</p>
<p>KSV RESTRUCTURING INC. 220 Bay Street, 13th Floor PO Box 20 Toronto, ON M5J 2W4</p> <p><i>Monitor</i></p>	<p>Noah Goldstein Tel: (416) 932.6207 E-mail: ngoldstein@ksvadvisory.com</p> <p>Ross Graham Tel: (587) 287.2750 E-mail: rgraham@ksvadvisory.com</p>

<p>CASSELS BROCK & BLACKWELL LLP Bay Adelaide Centre – North Tower 40 Temperance St., Suite 3200 Toronto, ON M5H 0B4</p> <p><i>Counsel to the Monitor</i></p>	<p>Ryan C. Jacobs Tel: (416) 860.6465 E-mail: rjacobs@cassels.com</p> <p>Joseph J. Bellissimo Tel: (416) 860.6572 E-mail: jbellissimo@cassels.com</p> <p>Michael Wunder Tel: (416) 860.6484 E-mail: mwunder@cassels.com</p>
<p>DEERFIELD MANAGEMENT COMPANY, L.P. 780 Third Avenue, 37th Floor New York, NY 10017</p>	<p>David J. Clark E-mail: dclark@deerfield.com</p> <p>Jonathan Isler E-mail: jisler@deerfield.com</p>
<p>BENNETT JONES LLP 100 King Street W, Suite 3400 Toronto, ON M5X 1A4</p> <p><i>Counsel to Deerfield Management Company</i></p>	<p>Sean Zweig Tel: (416) 777.6254 E-mail: zweigs@bennettjones.com</p> <p>Jesse Mighton Tel: (416) 777.6255 E-mail: mightonj@bennettjones.com</p> <p>Aiden C.R. Nelms Tel: (416) 777.4642 E-mail: nelmsa@bennettjones.com</p>
<p>KATTEN MUCHIN ROSENMAN LLP 2029 Century Park East, Suite 2600 Los Angeles, CA 90067-3012</p> <p><i>Counsel to Deerfield Management Company</i></p>	<p>Mark D. Wood E-mail: mark.wood@kattenlaw.com</p>
<p>ROYAL BANK OF CANADA - SPECIAL LOANS AND ADVISORY SERVICES 20 King Street West, 2nd Floor Toronto, ON M5H 1C4</p>	<p>Jan Oros Tel: (416) 974.5137 E-mail: jan.oros@rbc.com</p>

<p>AIRD & BERLIS LLP Brookfield Place 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9</p> <p><i>Counsel to Royal Bank of Canada</i></p>	<p>Sanjeev Mitra Tel: (416) 865.3085 E-mail: smitra@airdberlis.com</p> <p>Jeremy Nemers Tel: (416) 865.7724 E-mail: jnemers@airdberlis.com</p> <p>Cristian P. Delfino Tel: (416) 865.7748 E-mail: cdelfino@airdberlis.com</p>
<p>EXPORT DEVELOPMENT CANADA 150 Slater Street Ottawa, ON K1A 1K3</p>	<p>Jessica Markic E-mail: jmarkic@edc.ca</p>
<p>CHAITONS LLP 5000 Yonge Street, 10th Floor Toronto, Ontario M2N 7E9</p> <p><i>Counsel to Export Development Canada</i></p>	<p>Harvey Chaiton Tel: (416) 218.1129 E-mail: harvey@chaitons.com</p> <p>Laura Culleton Tel: (416) 218.1128 E-mail: laurac@chaitons.com</p>
<p>FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO 101-139 Northfield Drive West Waterloo, ON N2L 5A6</p>	<p>Joe Glass E-mail: joe.glass@feddevontario.gc.ca</p> <p>General Enquiries E-mail: recoveriesandclientsolutions-recouvrementssetsolutionsclients@feddevontario.gc.ca</p>
<p>THE TORONTO DOMINION BANK 20 Milverton Drive, 1st Floor Mississauga, ON L5R 3G2</p>	<p>Aditya Prabhune E-mail: Aditya.Prabhune@td.com</p>
<p>DOCUCOMM 125 Traders Blvd. East, Unit #7 Mississauga, ON L47 2H3</p>	<p>Ace Bote E-mail: abote@docucomm.ca</p>
<p>WELLS FARGO EQUIPMENT FINANCE COMPANY 900-1290 Central Parkway W. Mississauga, ON L5C 4R3</p>	<p>General Enquiries E-mail: wfefccustomer@wellsfargo.com</p>

<p>FASKEN MARTINEAU DUMOULIN LLP 800 Victoria Square, Suite 3500 Montréal , QC H3C 0B4</p> <p><i>Counsel to Haleon Canada ULC and PF Consumer Healthcare Canada ULC</i></p>	<p>Brandon Farber Tel: (514) 397.5179 E-mail: bfarber@fasken.com</p>
<p>KOLEY JESSEN P.C., L.L.O. 1125 S. 103rd St., Suite 800 Omaha, NE 68124</p> <p><i>Counsel to Averitas Pharma, Inc.</i></p>	<p>Brian Koenig Tel: (402) 343.3883 Email: brian.koenig@koleyjessen.com</p>

Ministries / Regulatory Authorities:

PARTY	CONTACT
<p>ATTORNEY GENERAL OF CANADA DEPARTMENT OF JUSTICE Ontario Regional Officer, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1</p>	<p>Edward Park E-mail: Edward.Park@justice.gc.ca</p> <p>Sandra Tsui E-mail: sandra.tsui@justice.gc.ca</p> <p>Tessania Lawrence E-mail: tessania.lawrence@justice.gc.ca</p> <p>General Enquiries E-mail: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca</p>
<p>CANADA REVENUE AGENCY 1 Front Street West Toronto, ON M5J 2X6</p>	<p>Pat Confalone Tel: (416) 954.6514 E-mail: pat.confalone@cra-arc.gc.ca</p>
<p>MINISTER OF FINANCE (ONTARIO) Legal Services Branch 33 King Street West, 6th Floor Oshawa, ON L1H 8H5</p>	<p>General Enquiries E-mail: insolvency.unit@ontario.ca</p>

E-MAIL DISTRIBUTION LIST:

carmstrong@goodmans.ca; eaxell@goodmans.ca; jlinde@goodmans.ca;
ngoldstein@ksvadvisory.com; rgraham@ksvadvisory.com; rjacobs@cassels.com;
jbellissimo@cassels.com; mwunder@cassels.com; dclark@deerfield.com; jisler@deerfield.com;
zweigs@bennettjones.com; mightonj@bennettjones.com; nelmsa@bennettjones.com;
mark.wood@kattenlaw.com; jan.oros@rbc.com; smitra@airdberlis.com;
jnemers@airdberlis.com; cdelfino@airdberlis.com; jmarkic@edc.ca; harvey@chaitons.com;
laurac@chaitons.com; joe.glass@feddevontario.gc.ca; recoveriesandclientsolutions-
recouvrementsetsolutionsclients@feddevontario.gc.ca; aditya.prabhune@td.com;
abote@docucomm.ca; wfefccustomermercure@wellsfargo.com; Edward.Park@justice.gc.ca; agc-
pgc.toronto-tax-fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; insolvency.unit@ontario.ca;
sandra.tsui@justice.gc.ca; tessania.lawrence@justice.gc.ca; bfarber@fasken.com;
brian.koenig@koleyjessen.com

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONTRACT PHARMACEUTICALS LIMITED, CPL CANADA HOLDCO LIMITED, CONTRACT PHARMACEUTICALS LIMITED CANADA, GLASSHOUSE PHARMACEUTICALS LIMITED CANADA, AND GLASSHOUSE PHARMACEUTICALS LLC

(the "Applicants")

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
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LIMITED, CPL CANADA HOLDCO LIMITED,
CONTRACT PHARMACEUTICALS LIMITED CANADA,
GLASSHOUSE PHARMACEUTICALS LIMITED CANADA,
AND GLASSHOUSE PHARMACEUTICALS LLC**

Applicants

**NOTICE OF MOTION
(Returnable March 21, 2024)**

Contract Pharmaceuticals Limited, CPL Canada Holdco Limited, Contract Pharmaceuticals Limited Canada, Glasshouse Pharmaceuticals Limited Canada, and Glasshouse Pharmaceuticals LLC (collectively, the “**Applicants**” or the “**Company**”) will bring a motion under the *Companies' Creditors Arrangement Act* (Canada) (the “**CCAA**”) before the Honourable Justice Penny of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on March 21, 2024, at 10:00 a.m. (Toronto time) or as soon thereafter as the motion can be heard.

PROPOSED METHOD OF HEARING:

- In writing under subrule 37.12.1 (1);
- In writing as an opposed motion under subrule 37.12.1(4);
- In person;
- By telephone conference;
- By video conference;

at a Zoom link to be made available by the Court and posted to CaseLines in advance of the Hearing.

THIS MOTION IS FOR:¹

1. An Order (the “**Stay Extension Order**”), substantially in the form attached at Tab 3 of the Applicants’ motion record, extending the Stay Period (as defined below) to and including April 12, 2024.
2. Such further and other relief as counsel may advise, and this Court may deem just.

THIS GROUNDS FOR THIS MOTION ARE:*Background*

3. The Company, based in Mississauga, Ontario, is in the business of developing, manufacturing, packaging and testing non-sterile liquid and semi-solid pharmaceutical and regulated over-the-counter products. The Company’s core business is that of CPL Canada, an industry-leading contract development and manufacturing organization.
4. On December 15, 2023, the Applicants sought and obtained an Initial Order (as amended and restated pursuant to an Order of the Court dated December 22, 2023, the “**Amended and Restated Initial Order**”) under the CCAA granting, among other things, a stay of proceedings in favour of the Applicants until and including March 22, 2024 (the “**Stay Period**”).
5. Concurrently with the granting of the Amended and Restated Initial Order, this Court granted an Order (the “**SISP Approval Order**”) which, among other things: (a) approved a refinancing, sale and investment solicitation process (the “**SISP**”) in respect of the CPL Business, to be undertaken by the Applicants within these CCAA proceedings with the assistance of the

¹ Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Affidavit of Jan Sahai sworn December 14, 2023 and the Affidavit of Jan Sahai sworn March 17, 2024 (the “**Stay Extension Affidavit**”).

Financial Advisor and under the oversight of the Monitor; and (b) authorized and directed the Applicants, the Financial Advisor and the Monitor to implement the SISP pursuant to its terms.

6. Following the issuance of the SISP Approval Order, the Applicants, with the assistance of the Financial Advisor and under the oversight of the Monitor, have conducted the SISP pursuant to its terms in an effort to identify the best available restructuring transaction for the benefit of the Company and its stakeholders.

Stay Extension

7. The Stay Period granted under the Amended and Restated Initial Order expires on March 22, 2024.

8. The Company is in the final stages of working towards the execution of a definitive going concern transaction for the benefit of its stakeholders and seeks a brief extension of the Stay Period to and including April 12, 2024, to provide the Company time to conclude negotiations, finalize transaction documents and serve a motion seeking approval of a transaction. The Stay Extension Order will ensure continued stability for the Company while it works to complete the SISP.

9. The Applicants have been acting in and continue to act in good faith and with due diligence in these CCAA proceedings. They have sufficient funding to operate the CPL Business during the proposed extension of the Stay Period, and no creditor will suffer any material prejudice as a result of the extension of the Stay Period.

General

10. Such other grounds as further set out in the Stay Extension Affidavit.

11. The provisions of the CCAA, including sections 11 and 11.02(2), and this Court's equitable and statutory jurisdiction thereunder.
12. Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.S.O. 1990, Reg. 194, as amended.
13. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

14. The Stay Extension Affidavit and the exhibits attached thereto;
15. The Second Report of the Monitor, to be filed; and
16. Such further and other materials as counsel may advise and this Court may permit.

Date: March 18, 2024

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Christopher Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Erik Axell LSO#: 853450
eaxell@goodmans.ca

Jennifer Linde LSO#: 86996A
jlinde@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED**

Court File No. CV-23-00711401-00CL

**AND IN THE MATTER OF AND IN THE MATTER OF A PLAN OF COMPROMISE OR
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HOLDCO LIMITED, CONTRACT PHARMACEUTICALS LIMITED CANADA,
GLASSHOUSE PHARMACEUTICALS LIMITED CANADA, AND GLASSHOUSE
PHARMACEUTICALS LLC**

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**NOTICE OF MOTION
(Returnable March 21, 2024)**

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Christopher Armstrong (LSO# 55148B)
carmstrong@goodmans.ca

Erik Axell (LSO# 853450)
eaxell@goodmans.ca

Jennifer Linde (LSO# 86996A)
jlinde@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

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LIMITED CANADA, GLASSHOUSE PHARMACEUTICALS LIMITED
CANADA, AND GLASSHOUSE PHARMACEUTICALS LLC**

Applicants

AFFIDAVIT OF JAN SAHAI
(sworn March 17, 2024)

**ONTARIO
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT
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CANADA, AND GLASSHOUSE PHARMACEUTICALS LLC**

Applicants

AFFIDAVIT OF JAN SAHAI
(sworn March 17, 2024)

I, Jan Sahai, of the City of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

I. INTRODUCTION

1. I am the Chief Executive Officer (“CEO”) of Contract Pharmaceuticals Limited Canada (“CPL Canada” and, collectively with the other Applicants, the “Company”). I have been employed by CPL Canada for over 18 years. I previously served as Vice President, Business Development from September 2005 to May 2022; interim CEO from June 1, 2022 to October 31, 2022; and was appointed CEO on November 1, 2022. In my role as CEO, I am responsible for major corporate decisions, managing overall operations, allocating capital, and setting the company’s strategic direction under the oversight of the board of directors. As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and

belief and whereso stated I verily believe it to be true. I do not, and do not intend to, waive privilege by any statement herein.

2. All capitalized terms not otherwise defined herein have the meaning given to them in my affidavit sworn December 14, 2023 (the “**Initial Affidavit**”). A copy of the Initial Affidavit (without exhibits) is attached hereto as Exhibit “A”.

II. ORDER SOUGHT

3. This affidavit is sworn in support of a motion by the Applicants for an Order substantially in the form to be attached as Tab 3 to the Motion Record of the Applicants (the “**Stay Extension Order**”) extending the Stay Period (as defined below) from March 22, 2024 to April 12, 2024.

4. As further discussed below, the Company is in the final stages of working towards the execution of a definitive going concern transaction for the benefit of its stakeholders pursuant to the Court-approved SISP (as defined below) and seeks a brief extension of the Stay Period to allow it to conclude negotiations, finalize transaction documents and serve a motion seeking approval of a transaction.

III. BACKGROUND

A. Overview

5. On December 15, 2023, the Applicants sought and obtained an Initial Order (as amended and restated pursuant to an order of the Court dated December 22, 2023, the “**Amended and Restated Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C 1985, c. C-36, as amended (the “**CCAA**”) granting, among other things, a stay of proceedings in favour of the Applicants until and including March 22, 2024 (the “**Stay Period**”).

6. Also on December 22, 2023, the Court granted an Order (the “**SISP Approval Order**”), which, among other things: (a) approved a refinancing, sale, and investment solicitation process (the “**SISP**”), to be undertaken by the Applicants within these CCAA proceedings; and (b) approved and authorized the conduct of the SISP by the Applicants, with the assistance of the Financial Advisor and under the oversight of KSV Restructuring Inc., in its capacity as Monitor of the Applicants (in such capacity, the “**Monitor**”), in accordance with the procedures attached to the SISP Approval Order.

IV. SISP

7. The SISP was formally commenced following the issuance of the SISP Approval Order on December 22, 2023. A copy of the SISP Approval Order, which attaches the SISP, is attached to this affidavit as Exhibit “B”.

8. The SISP contemplated the following key milestones:

Date	Key Milestone
December 22, 2023	Anticipated issuance of the SISP Approval Order.
By no later than January 8, 2024	Commencement of the solicitation process, it being understood that the Applicants and the Financial Advisor, in consultation with the Monitor, shall be at liberty to provide marketing materials and commence discussions with interested parties prior to such date as they consider appropriate.
February 8, 2024	LOI Deadline.
February 29, 2024	Qualified Bid Deadline.
March 12, 2024	Selection of Successful Bid Deadline.
By no later than March 22, 2024	Hearing for the Approval Order (subject to the Court’s availability).
April 30, 2024	Outside Date for Closing of the Successful Bid.

9. Following the approval by this Court of the SISP, the Applicants, with the assistance of the Financial Advisor and under the oversight of the Monitor, have conducted the SISP in accordance with the milestones set out in the SISP.

10. At the request of multiple prospective bidders, the Applicants extended the Qualified Bid Deadline, as contemplated by Section 7 of the SISP, by seven days to 2:00 p.m. (Toronto Time) on March 7, 2024. The Applicants determined, with the consent of the DIP Lender and in consultation with the Monitor and the Applicants' advisors, that the extension was necessary and appropriate in the circumstances to enable prospective bidders to complete further diligence efforts in order to submit a Qualified Bid by the Qualified Bid Deadline.

11. Several submissions were received by the Applicants on the Qualified Bid Deadline and the Company has worked with its advisors and the Monitor to review and consider those submissions and next steps. In accordance with the SISP, on March 11, 2024, the Applicants elected to extend the deadline for selecting the Successful Bid by three days from March 12, 2024, until March 15, 2024, to engage in further negotiations in respect of a transaction involving the CPL Business. In consultation with the Monitor and with the consent of the DIP Lender, the Applicants subsequently extended the deadline for selecting a Successful Bid until 11:59 pm (Toronto time) on March 18, 2024, and expects to further extend the deadline as necessary until negotiations are concluded.

12. In addition to regularly consulting with the Monitor and the DIP Lender on the status of the SISP, the Company has also provided confidential updates on the SISP to RBC.

V. STAY EXTENSION

13. The Stay Period granted under the Amended and Restated Initial Order expires on March 22, 2024.

14. The Company is in the final stages of negotiating a definitive going concern transaction for the benefit of its stakeholders and is seeking a brief extension of the Stay Period to and including April 12, 2024, to provide the Company with additional time to conclude negotiations, finalize transaction documents and serve a motion seeking approval of a transaction.

15. The extension of the Stay Period is necessary in order to maintain continued stability for the Company while it works diligently and in good faith to complete the SISP and bring forth a transaction for approval.

16. I understand the Monitor will be a filing a cash-flow forecast that demonstrates the Company has sufficient funding to operate the CPL Business during the proposed extension of the Stay Period and I do not believe that any creditor will suffer any material prejudice as a result of the extension of the Stay Period.

VI. CONCLUSION

17. The Company, in consultation with the Monitor, is working diligently and in good faith in respect of all matters relating to the CCAA proceedings.

18. I believe that the extension of the Stay Period is in the best interests of the Company and its stakeholders in the circumstances, and understand that the Monitor and the DIP Lender are supportive of the extension of the Stay Period.

19. For the reasons set out herein, the Company respectfully requests that this Court grant the Stay Extension Order.

SWORN before me by Jan Sahai stated as being located in the City of New York in the State of New York, before me at the City of Toronto in the Province of Ontario, on March 17, 2024, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



Erik Axell

A Commissioner for taking affidavits
Name: Erik Axell
LSO: # 853450

Jan Sahai

Signed by: Jan Sahai
CEO
Date & Time: March 17, 2024 14:32:15 EDT

JAN SAHAI

**THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF JAN SAHAI
SWORN BEFORE ME OVER VIDEOCONFERENCE
THIS 17th DAY OF MARCH, 2024**

Erik Apell

Commissioner for Taking Affidavits

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Applicants

AFFIDAVIT OF JAN SAHAI
(sworn December 14, 2023)

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT
ACT, R.S.C. 1985, c. C-36, AS AMENDED***

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CONTRACT PHARMACEUTICALS LIMITED,
CPL CANADA HOLDCO LIMITED, CONTRACT PHARMACEUTICALS
LIMITED CANADA, GLASSHOUSE PHARMACEUTICALS LIMITED
CANADA, AND GLASSHOUSE PHARMACEUTICALS LLC**

Applicants

AFFIDAVIT OF JAN SAHAI
(sworn December 14, 2023)

I, Jan Sahai, of the City of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

I. INTRODUCTION

1. I am the Chief Executive Officer (“CEO”) of Contract Pharmaceuticals Limited Canada (“CPL Canada” and, collectively with the other Applicants, the “Company”). I have been employed by CPL Canada for over 18 years. I previously served as Vice President, Business Development from September 2005 to May 2022; interim CEO from June 1, 2022 to October 31, 2022; and was appointed CEO on November 1, 2022. In my role as CEO, I am responsible for major corporate decisions, managing overall operations, allocating capital, and setting the company’s strategic direction under the oversight of the board of directors. As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true. I do not, and do not intend to, waive privilege by any statement herein.

2. This affidavit is made in support of an application by the Applicants for an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). Unless otherwise indicated, all monetary references in this affidavit are to U.S. dollars.

3. The Applicants consist of Contract Pharmaceuticals Limited (“**CPL**”) and its wholly-owned direct and indirect subsidiaries, being: (i) CPL Canada Holdco Limited (“**CPL Canada HoldCo**”); (ii) CPL Canada; (iii) Glasshouse Pharmaceuticals Limited Canada (“**Glasshouse Canada**”); and (iv) Glasshouse Pharmaceuticals LLC (“**Glasshouse America**”).

4. The Company’s core business is that of CPL Canada, an industry-leading pharmaceutical contract development and manufacturing organization (“**CDMO**”). CPL Canada specializes in the development, manufacturing, packaging and testing of non-sterile liquid and semi-solid pharmaceutical and regulated over-the-counter products, and also provides laboratory services that include materials, product release and stability testing as well as product development services (the “**CPL Business**”).

5. The Applicants have commenced these CCAA proceedings in order to stabilize the CPL Business, obtain urgently required interim debtor-in-possession (“**DIP**”) financing, continue the implementation of their operational restructuring efforts, and to pursue a refinancing, sale and investment solicitation process (“**SISP**”) with a view to identifying and completing the best transaction available to the Company.

6. The Company has limited remaining cash on hand, owes past due amounts to many of its suppliers and its largest funded debt obligation recently matured. As such, the relief sought on the initial CCAA application, including approval of interim DIP financing, is urgently required in order for the Company to maintain ongoing business operations and preserve the status quo.

7. If the CCAA application is granted, the Applicants intend to bring a motion within 10 days of the Initial Order (the “**Comeback Hearing**”) seeking an amended and restated Initial Order (the “**ARIO**”) and an order approving the SISP (the “**SISP Approval Order**”).

II. OVERVIEW AND EVENTS LEADING TO THE CCAA FILING

8. Founded over 30 years ago, the Company is a world-class provider of contract development and full-service commercial manufacturing services for a broad spectrum of non-sterile liquid and semi-solid pharmaceutical products. Non-sterile liquids include suspensions, solutions, and nasal topical sprays, which are filled into bottles. Semi-solids include lotions, creams, ointments and gels filled into bottles, tubes and sachets.

9. Headquartered in Mississauga, Ontario, the Company has nearly 300 Canadian employees, manufactures over 30 unique formulas (with 17 more in development) and provides over a hundred different products for a range of pharmaceutical companies, including many of the top 20 global pharmaceutical companies as well as several specialty dermatology companies.

10. For years, the Company achieved consistent revenue and profitability from the CPL Business. However, beginning in 2016, several decisions were made that negatively impacted performance. In particular, from 2016 to 2021, the Company focused on top-line revenue growth, and CPL Canada accepted and/or retained large, unprofitable contracts with low or negative margins for over-the-counter pharmaceutical products.

11. To help meet its revenue growth aspirations, the Company also began exploring new product lines such as generic pharmaceuticals, new chemical entities and packaging, which led to the establishment of Glasshouse Canada and Glasshouse America (collectively “**Glasshouse**”) in 2017 to operate the Company’s generic pharmaceuticals business (the “**Glasshouse Business**”).

To facilitate the launch and development of Glasshouse, and to fund the Company's general operational requirements, in 2018 the Company obtained the Deerfield Term Loan (as defined and discussed below) in the initial principal amount of \$20,000,000.

12. Although the Company was successful in establishing the Glasshouse Business, the cost of producing, marketing and selling Glasshouse's generic pharmaceutical products ultimately proved to be uncompetitive relative to U.S. market prices, with Glasshouse suffering consistent losses since its inception. The issues with Glasshouse in turn eroded the Company's margins, distracted management from the core CPL Business, and has left the Company with a legacy debt burden which has impeded attempts to return to profitability. These issues were exacerbated by the onset of COVID-19 and the supply chain issues that followed, which negatively impacted the Company's ability to obtain necessary raw materials to continuously develop and produce products for current and new customers, in turn hampering its revenues.

13. The Company has taken a number of steps to begin to address these issues. In November 2022, I was appointed CEO and made several executive team changes, including replacing the then Vice President of Operations with a new Director of Operations. New management has refocused the Company on the CPL Business and its core competency as a CDMO. As part of these efforts, the Company strategically divested most of the assets of Glasshouse, and in January 2023 began implementing an operational turnaround plan to grow revenues, drive margin improvement and facilitate long-term growth.

14. Over the past year, the Company has been successful in cultivating a robust pipeline of new high-margin commercial pharmaceutical products while also optimizing legacy over-the-counter contracts resulting in substantial margin improvements. Management has also divested the Company's abbreviated new drug applications, initiated employee headcount rationalization

measures and limited capital expenditures, the cumulative effect of which has resulted in the Company returning to its historical positive EBITDA levels during the 2023 fiscal year. The Company's shareholders provided \$7.05 million of equity financing in 2022 and 2023 to support these turnaround efforts and strengthen the Company's balance sheet.

15. Despite these operational restructuring efforts and the financial support of its shareholders, the Company, burdened by the significant interest expense of its debt obligations and suppressed availability on its operating line of credit, has continued to struggle to support its ongoing working capital requirements, leading to stretched trade payables and increasingly constrained liquidity. At present, the Company owes approximately \$7.6 million to its suppliers, \$5.2 million of which is past due, and now has less than \$1.5 million of cash on hand. The Company's shareholders have advised that they are not prepared to provide additional equity injections at this juncture.

16. In addition to its liquidity issues, the Company's most significant funded secured debt obligation, the Deerfield Term Loan, recently matured and the Company is in default under the EDC Term Loan (as defined and discussed below). Further, the Company's RBC Operating Facility (as defined and discussed below) is a demand facility and RBC has advised the Company that it would like to be repaid the amounts owing to it and exit its lending arrangements with the Company. The Company does not currently have the ability to repay these secured debt obligations, which total in excess of \$34 million.

17. In anticipation of these issues, in February 2023, the Company engaged a financial advisor to assist in exploring a range of strategic alternatives. Although a new potential lender was identified that was prepared to refinance the RBC Operating Facility and the EDC Term Loan, the proposal would have required Deerfield (as defined below) to extend the Deerfield Term Loan and agree to new intercreditor terms, which was not acceptable to Deerfield.

18. In October 2023, the Company engaged SSG Capital Advisors, LLC (“SSG”) to further assist it in exploring strategic alternatives in consultation with its stakeholders, including a refinancing and/or raising additional capital. Although several parties expressed interest in a potential transaction, a definitive transaction has not yet been identified. In light of the Company’s limited remaining cash on hand, in recent weeks the Company also began exploring incremental financing options (including potential DIP financing) with the assistance of SSG and the proposed Monitor, KSV Restructuring Inc. (“KSV”).

19. Following careful consideration of its available options and alternatives with the assistance of its financial and legal advisors, the Company has determined that the best path to maximize stakeholder value and preserve the Company as a going-concern is to commence these CCAA proceedings, obtain DIP financing from Deerfield and continue its efforts to explore a refinancing or other strategic transaction in the context of a Court-supervised SISP.

20. Accordingly, the Applicants seek an Initial Order, providing for, among other relief: (a) a stay of proceedings for an initial 10-day period (the “**Initial Stay Period**”); (b) authorization to enter into the DIP Term Sheet and borrow under the DIP Loan (each as defined below) in the maximum principal amount of \$1,500,000 for the Initial Stay Period; and (c) the granting of the following priority charges (collectively, the “**Charges**”) over the Applicants’ Property (as defined in the Initial Order), listed in order of priority: (i) the Administration Charge (as defined below) up to a maximum amount of CA\$375,000; (ii) the Directors’ Charge (as defined below) up to a maximum amount of CA\$1,801,000; and (iii) the DIP Lender’s Charge (as defined below) up to a maximum amount of \$1,500,000 (plus interest, fees and expenses), provided that the DIP Lender’s Charge shall be subordinate to the security interests granted by the Applicants to each of RBC and

EDC in connection with the RBC Loan Agreement and the EDC Loan Agreement, respectively (collectively, the “**RBC/EDC Security**”).

21. If the proposed Initial Order is granted, at the Comeback Hearing the Applicants intend to seek the ARIO, among other things:

- (a) extending the stay of proceedings until and including March 22, 2024, and granting other customary Comeback Hearing relief under the CCAA;
- (b) increasing the maximum principal amount that the Applicants can borrow under the DIP Loan to \$6,000,000;
- (c) increasing the maximum amounts of the Administration Charge to CA\$600,000, the Directors’ Charge to CA\$2,306,000, and the DIP Lender’s Charge to \$6,000,000 (plus interest, fees and expenses payable in accordance with the terms of the DIP Term Sheet);
- (d) approving a key employee retention program (the “**KERP**”) and the granting of a charge on the Property for the benefit of the key employees referred to in the KERP up to a maximum amount of CA\$998,311 (the “**KERP Charge**”);
- (e) approving the Financial Advisor’s (as defined below) engagement letter and granting the Financial Advisor Charge (as defined below); and
- (f) granting priority to the Charges over any secured creditor who did not receive notice of the application for the Initial Order.

22. In addition, at the Comeback Hearing the Applicants also intend to seek the SISP Approval Order, among other things, approving the SISP and authorizing the Applicants, the Monitor, and SSG as financial advisor to the Applicants in these proceedings (in such capacity, the “**Financial Advisor**”), to implement the SISP pursuant to its terms.

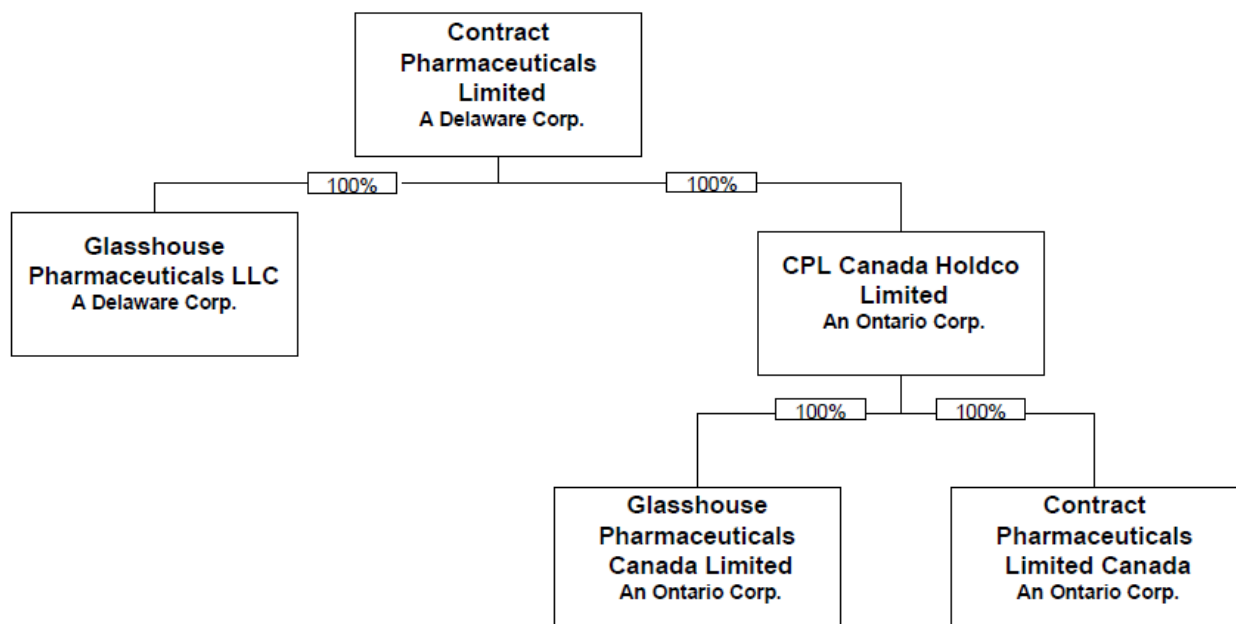
23. The CCAA proceedings and the relief outlined herein are in the best interests of the Applicants and their stakeholders and, in light of the Company’s liquidity position and current inability to repay its funded debt, present the only viable means of preserving the CPL Business as a going-concern for the benefit of stakeholders, including its almost 300 employees located in Ontario.

III. BACKGROUND REGARDING THE COMPANY AND THE BUSINESS OF THE APPLICANTS

A. Corporate Structure

(i) Overview

24. An organizational chart outlining the Company’s corporate structure is set forth below.



(ii) *Contract Pharmaceuticals Limited (CPL)*

25. CPL, the privately-held parent company of the Applicants, is incorporated under the laws of Delaware with a registered head office located at 7600 Danbro Crescent, Mississauga, Ontario (the “**Mississauga HQ**”). CPL is a holding company and its main assets are its 100% ownership interests in its subsidiaries, although it also maintains a bank account with the Royal Bank of Canada (“**RBC**”) in Canada with approximately \$140,000 on deposit and holds a loan receivable from an employee of CPL Canada based in Canada.

(iii) *CPL Canada Holdco Limited (CPL Canada HoldCo)*

26. CPL Canada HoldCo is a company incorporated under the laws of Ontario with its registered head office at the Mississauga HQ. CPL Canada Holdco is a holding company and its main assets are its 100% ownership interests in CPL Canada and Glasshouse Canada.

(iv) *Contract Pharmaceuticals Limited Canada (CPL Canada)*

27. CPL Canada is a company incorporated under the laws of Ontario with its registered head office at the Mississauga HQ. CPL Canada is the main operating entity of the Company and holds substantially all of its assets. The business and operations of CPL Canada are discussed in greater detail below.

(v) *Glasshouse Pharmaceuticals Limited Canada (Glasshouse Canada)*

28. Glasshouse Canada is a company incorporated under the laws of Ontario with its registered head office at the Mississauga HQ. Glasshouse Canada was the main operating entity of the Glasshouse Business. As described below, the core assets of Glasshouse have been sold and Glasshouse Canada is in the process of being wound down with its few remaining customers being

transferred to CPL Canada. Glasshouse Canada still owes amounts to its suppliers and has various residual assets, including accounts receivable due to it.

(vi) *Glasshouse Pharmaceuticals LLC (Glasshouse America)*

29. Glasshouse America is incorporated under the laws of Delaware with its registered head office at the Mississauga HQ. Glasshouse America facilitated the commercialization of the Glasshouse Business in the United States. Although Glasshouse America does not currently have any active business operations, various Medicare and Medicaid rebates and wholesaler charge backs, as well as relationships with a third party logistics supplier for product returns continue to be processed through Glasshouse America as a result of its historical operations. Glasshouse America maintains bank accounts in Canada with RBC and Toronto-Dominion Bank (“TD”) with approximately \$20,000 on deposit at this time.

B. The CPL Business

(i) *Products*

30. As referenced above, the Company’s core and only remaining operating business is the CPL Business. CPL Canada specializes in the development, manufacturing, packaging, filing and testing of non-sterile liquid and semi-solid pharmaceutical and regulated over-the-counter products.

- (a) **Non-Sterile Liquids**: Non-sterile liquids are suspensions, solutions, nasal and topical sprays. Sample applications include immunologic disorders, pain management, cough and cold, hair growth, nail infections, chronic allergies, nasal polyps and digestive issues.

- (b) **Non-Sterile Semi Solids**: Non-sterile semi solids are lotions, creams, ointments and gels. Sample applications include skin conditions including psoriasis, pain management, wound care and hormone therapy.

31. CPL Canada produces more than 6 million tubes, 4 million bottles, and 2 million sachets of product per year. Of the products CPL Canada develops and manufactures, 85% are prescription products, with 20% of those being oral liquids (suspension solutions), 15% nasal sprays (multi dose), and 65% topicals (creams, lotions, ointments and gels).

32. CPL Canada has unique capabilities as it has significant expertise in handling hormones (both male and female), corticosteroids, permethrin-based products for the treatment of lice, alcohol-containing products, and light sensitive products. Since 2012, CPL Canada has been contracted on over 80 abbreviated new drug application and new drug application projects submitted to the U.S. Food and Drug Administration (“**FDA**”), resulting in 14 FDA approved products and another 16 drug application submissions under review with the FDA.

(ii) *Operations*

33. CPL Canada offers product development, commercial manufacturing, packaging and testing services all under one roof, meaning that it works with its customers from concept to commercialization. To achieve this, CPL Canada has two state of the art analytical (laboratory) and production facilities located at its corporate park in Mississauga, Ontario, both of which are registered with the FDA and Health Canada. These facilities provide a centralized operation for manufacturing, packaging and warehouse operations which is essential to meet the needs of CPL Canada’s customers.

34. CPL Canada is a full service CDMO and is the sole source supplier for more than 70% of its customers. If CPL Canada is not able to manufacture its sole-sourced products, patient care in Canada and abroad is highly likely to be negatively affected as customers would be unable to source products from alternative supplier in the near to medium term.

(iii) Suppliers

35. There are four principle types of suppliers the Company works with as it relates to the manufacturing and packaging of its products. The first type supplies active pharmaceutical ingredients (“**API**”) which are unique to each product (e.g. oestrogen) and cannot be substituted as health regulatory agencies do not allow for the substitution of one source of API for another without a product undergoing further clinical tests and other regulatory steps. The second group consists of suppliers of non-API ingredients in product formulas, which again cannot be readily substituted due to regulatory requirements. The third type supplies the “primary” packaging (*i.e.*, packaging that touches the product such as bottles, tubes and caps) and the fourth type consists of suppliers of secondary packaging (*e.g.* certain foil pouches and cartons), most of which are proprietary to a particular product and/or customer. All four types of suppliers are critical to the Company’s ability to manufacture, package and supply products to its customers in the normal course and are not readily replaceable owing to the regulatory and proprietary issues described above. Certain of these suppliers are also located outside of the United States and Canada.

36. It is vital to the preservation of the CPL Business that the Company is able to continue its relationships with these key suppliers without disruption and on existing trade terms while the Company pursues its restructuring efforts. Accordingly, the proposed Initial Order authorizes the Company to pay pre-filing amounts to suppliers, with the consent of KSV and the DIP Lender (as defined below).

(iv) *Customers*

37. CPL Canada has a diverse customer base of global, mid-size, and growth stage pharmaceutical companies. CPL Canada's customers include all of the top pharmaceutical companies with non-sterile liquid/semi solid portfolios, including Taro Canada, Johnson & Johnson, GSK, Pfizer, Apotex, Sanofi, Eli Lilly, Endo, and Allergan. CPL Canada's commitment to quality, efficiency and innovation has allowed it to establish long-standing relationships with its customers, including acting as a sole source product supplier for more than 70% of its customers. It has also allowed CPL Canada to become entrenched and strategically important to its customers' supply chains, as these customers rely solely on CPL Canada to be able to manufacture their non-sterile liquid/semi solid products. Moving product from one CDMO to another takes years and is fraught with regulatory and technical risk, potentially risking patient access to important prescription medications.

38. Certain arrangements the Company has with some of its customers permit wholesaler charge backs, or require the Company to pay rebates to customers in the event that they meet certain volume based criteria under their respective contracts. The Company is also required to pay Medicare and Medicaid rebates from time to time. These obligations are not material to the Company's financial position, and, in the case of any volume rebates, are not anticipated to be due until well into 2024. The Company believes it is in its best interests and those of its stakeholders to continue making these payments in the normal course to avoid any potential impact on its customer relationships that may result if the Company did not pay them.

(v) *Employees*

39. CPL Canada presently employs approximately 289 individuals across 22 departments, all of whom are full-time, salaried employees that work out of CPL Canada's facilities in Mississauga,

Ontario. The Company has no unionized employees and does not maintain any registered pension plans.

40. CPL Canada's employees are paid bi-weekly, one week in arrears. As of the date of this affidavit, CPL Canada is current on its payroll obligations, including all source deductions. Each December, the Company typically makes modest increases to employee compensation to reflect updated market conditions. This year's increase will take effect on the Company's December 29, 2023, payroll. CPL Canada also provides health, dental and other employee benefits through a third-party insurance provider.

41. CPL offers a deferred profit sharing plan (the "**DPSP**") and a retirement savings plan (the "**RSP**") for its employees. CPL makes employer contributions to the DPSP equal to 2% of an employee's earnings, funded bi-weekly. In addition, it matches employee contributions to the RSP to a maximum of 2% of an employee's earnings. The Company does not owe any amounts in respect of the DPSP or the RSP at present. The Company has also previously issued stock options to certain key management employees.

IV. FINANCIAL POSITION

A. Financial Statements

42. The Company prepares financial statements that report the financial position of CPL and its subsidiaries on a consolidated basis.

43. The fiscal year end of the Company is October 31. Copies of the Company's audited financial statements for the year ended October 31, 2022 (the "**2022 Financials**"), and unaudited financial statements for the year ended October 31, 2023 (the "**2023 Financials**") are attached

hereto as Exhibits “A” and “B”, respectively. Both the 2022 Financials and 2023 Financials reflect that the liabilities of the Company exceed its assets.

B. Assets

44. As at October 31, 2023, the Company’s assets had an unaudited book value of approximately \$43.9 million, consisting of the following:

Current Assets	
Cash & Equivalents	\$1.5 million
Accounts Receivable, net	\$10.3 million
Inventory	\$14.4 million
Prepaid Expenses and Other Assets	\$1.7 million
Long-Term Assets	
Plant, Property & Equipment, net	\$15.6 million
Goodwill & Intangible Assets	\$0.4 million
Total Assets	\$43.9 million

C. Liabilities

45. As at October 31, 2023, the Company’s liabilities had an unaudited book value of approximately \$52.3 million.

D. Funded Debt Obligations

(i) Overview

46. The Company is party to four credit facilities, which are summarized in the following table and described in greater detail in the paragraphs that follow:

Debt Obligation	Principal Amount Outstanding as at Nov. 30, 2023 (approximately)	Maturity	Borrower(s)	Guarantor(s)	Secured	Priority
RBC	\$5,311,373	Demand	CPL Canada	CPL	Yes	1 st on all assets of

Debt Obligation	Principal Amount Outstanding as at Nov. 30, 2023 (approximately)	Maturity	Borrower(s)	Guarantor(s)	Secured	Priority
Operating Facility		facility		(unsecured) CPL Canada HoldCo (secured)		CPL Canada (excluding equipment) 1 st on equity of CPL Canada held by CPL Canada HoldCo 2 nd on equipment of CPL Canada
EDC Facility	\$4,968,632	May 10, 2025	CPL Canada	CPL Canada HoldCo (unsecured)	Yes	1 st on equipment of CPL Canada 3 rd on assets other than equipment of CPL Canada
Deerfield Term Loan	\$24,319,118	December 6, 2023	Glasshouse Canada	CPL (secured) CPL Canada HoldCo (secured) CPL Canada (secured) Glasshouse America (secured)	Yes	1 st on assets of CPL, Glasshouse Canada and Glasshouse America 1 st on equity of Glasshouse Canada held by CPL Canada HoldCo 2 nd on assets of CPL Canada (excluding equipment) 2 nd on equity of CPL Canada held by CPL Canada HoldCo 3 rd on equipment of CPL Canada
Fed Dev Loan	\$4,259,427	June 1, 2027	CPL Canada	CPL Canada HoldCo (unsecured)	No	
TOTAL	\$38,858,550					

(ii) *RBC Operating Facility*

47. CPL Canada, as borrower, is party to a credit agreement with Royal Bank of Canada (“RBC”) dated November 22, 2017 (as amended, the “RBC Loan Agreement”), pursuant to which RBC has made available to CPL Canada a revolving loan operating facility, due on demand (as amended, the “RBC Operating Facility”). The original availability under the RBC Operating

Facility was CA\$19,500,000 (subject to a borrowing base calculation), which has since been reduced to CA\$7,500,000. As at November 30, 2023, approximately CA\$7,214,000 of principal was outstanding under the RBC Operating Facility. Interest on the RBC Operating Facility is calculated as the Canadian prime rate plus 0.5% on prime rate based loans and LIBOR plus 2.75% on LIBOR-based loans in U.S. dollars.

48. Over the past several months, the Company's borrowing base calculation under the RBC Operating Facility, which is reviewed and calculated together with RBC, has reflected suppressed availability in the range of CA\$4 million, although the most recent calculation as at October 31, 2023, reflected suppressed availability of CA\$6.7 million. The Company has requested that RBC permit it to borrow additional funds under the RBC Operating Facility, but RBC has not permitted it to do so. A copy of the RBC Loan Agreement and the amendments thereto is attached as Exhibit "C".

49. The RBC Operating Facility is guaranteed by each of CPL and CPL Canada HoldCo. Each of CPL Canada and CPL Canada HoldCo granted RBC a security interest in substantially all of their assets as security for the obligations under the RBC Operating Facility. RBC has a first ranking security interest in substantially all assets of CPL Canada (excluding equipment) and in the equity of CPL Canada held by CPL Canada HoldCo, and a second ranking security interest in all equipment of CPL Canada. The CPL guarantee to RBC is unsecured.

50. As previously indicated, RBC has advised the Company that it wishes to be repaid the amounts outstanding under the RBC Operating Facility and exit its lending arrangements with the Company. On December 4, 2023, RBC delivered a notice of default and reservations of rights letter to CPL Canada notifying CPL Canada that one or more events of default under the RBC Loan Agreement has occurred and is continuing to occur.

51. Attached as Exhibit “D” is a summary of the *Personal Property Security Act* (Ontario) (“**PPSA**”) registrations against CPL Canada HoldCo as at December 11, 2023, and against CPL Canada, and Glasshouse Canada as at December 12, 2023 (“**PPSA Search Summary**”). The PPSA Search Summary shows that RBC has a first in time registration against each of CPL Canada and CPL Canada HoldCo in respect of all classes of collateral excluding consumer goods.

(i) *EDC Term Loan*

52. CPL Canada is party to a credit agreement with Export Development Canada (“**EDC**”) dated March 6, 2018 (as amended, the “**EDC Loan Agreement**”) pursuant to which EDC made available to CPL Canada a term loan facility with a maximum borrowing limit of \$15,000,000 (the “**EDC Term Loan**”). The EDC Term Loan bears interest at U.S. prime rate plus 2.5% per annum, payable monthly in cash. The outstanding principal under the EDC Term Loan is due in monthly installments through May 2025. As of November 30, 2023, approximately \$4,968,632 of principal was outstanding under the EDC Loan Agreement. The Company stopped payment on a scheduled repayment installment of \$311,535 that was to be made to EDC on December 11, 2023. A copy of the EDC Loan Agreement and the amendments thereto is attached as Exhibit “E”.

53. The EDC Term Loan is guaranteed by CPL Canada HoldCo on an unsecured basis. CPL Canada has granted a security interest in substantially all of its assets as security for the obligations under the EDC Term Loan. EDC has a first ranking security interest in all of the equipment of CPL Canada and a third ranking security interest in substantially all other assets of CPL Canada.

54. The PPSA Search Summary shows that EDC has a second in time registration against CPL Canada in respect of all classes of collateral excluding consumer goods.

(ii) *Deerfield Term Loan*

55. Glasshouse Canada, as borrower, is party to a facility agreement with, among others, Deerfield Private Design Fund IV, L.P., as agent and lender, and Deerfield Private Design Fund III, L.P., as lender (together, “**Deerfield**”) dated December 6, 2018 (as amended, the “**Deerfield Facility Agreement**”), pursuant to which Deerfield made available to Glasshouse Canada a non-revolving term loan in an initial principal amount \$20,000,000 (the “**Deerfield Term Loan**”). The Deerfield Term Loan matured on December 6, 2023, and accrues interest at a rate of: (i) 6.5% per annum on the initial principal amount; and (ii) 10% per annum on a portion of interest and fees that was capitalized, with interest payable quarterly. Deerfield also holds certain warrants and contingent value rights (“**CVRs**”) granted as consideration in connection with the Deerfield Facility Agreement. As at November 30, 2023, \$24,319,118 of principal (excluding capitalized interest of approximately \$295,000) was outstanding under the Deerfield Term Loan. A copy of the Deerfield Facility Agreement (excluding the schedules) and the amendments thereto is attached hereto as Exhibit “F”.

56. The obligations of Glasshouse Canada under the Deerfield Facility Agreement are guaranteed by each of the other Applicants. Among other security, each of CPL, CPL Canada HoldCo, CPL Canada, Glasshouse America and Glasshouse Canada have granted Deerfield a security interest in substantially all of their assets pursuant to a United States guaranty and security agreement and a general security agreement and guarantee, each dated December 6, 2018. In addition, pursuant to a limited recourse guaranty and security agreement dated December 6, 2018, certain shareholders of CPL holding, collectively, 73% of the issued and outstanding shares of CPL, pledged their equity interests in CPL as security for the obligations owed under the Deerfield

Facility Agreement and CVRs, with no recourse available against them, except for enforcement on the shares of CPL.

57. The PPSA Search Summary shows that Deerfield has a second in time registration against CPL Canada HoldCo, a first in time PPSA registration against Glasshouse Canada, and a third in time registration against CPL Canada in respect of all classes of collateral excluding consumer goods.

58. Attached as Exhibit “G” is a summary of the Uniform Commercial Code (Delaware) (“UCC”) registrations against each of CPL US Holdco and Glasshouse America as at December 6, 2023 (“UCC Search Summary”). The UCC Search Summary shows that Deerfield has registrations against each of CPL and Glasshouse America in respect of all assets.

(iii) *Fed Dev Loan*

59. CPL Canada is a party to a contribution agreement with His Majesty the King in Right of Ontario, as represented by the Minister of Infrastructure for Federal Economic Development Agency for Southern Ontario (“**Fed Dev**”) (as successor to Her Majesty the Queen in Right of Ontario, as represented by the Minister of Infrastructure for Federal Economic Development Agency for Southern Ontario) dated March 16, 2015 (the “**Fed Dev Agreement**”) pursuant to which Fed Dev agreed to contribute funding for 25% of new capital expenditures made by CPL Canada up to CA\$8,992,672 (the “**Fed Dev Loan**”). The Fed Dev Loan is repayable in 90 installments on an interest free basis pursuant to a payment schedule, with the final installment due on June 1, 2027. As of November 30, 2023, \$4,184,000 is owing under the Fed Dev Loan. A copy of the Fed Dev Agreement is attached hereto as Exhibit “H”.

60. The Fed Dev Loan is unsecured and CPL Canada's obligations under it are guaranteed by CPL Canada HoldCo on an unsecured basis.

(iv) Intercreditor Agreements

61. RBC, Deerfield and the Applicants, among others, are party to an intercreditor agreement dated December 6, 2018 (the "**RBC Intercreditor Agreement**"), and RBC, EDC, Deerfield and CPL Canada are party to a separate intercreditor agreement dated December 6, 2018 (the "**EDC Intercreditor Agreement**" and, collectively with the RBC Intercreditor Agreement, the "**Intercreditor Agreements**"). The Intercreditor Agreements, copies of which are attached as Exhibit "I", set forth the respective priorities of the lenders to the collateral pledged by the Applicants as set forth in the preceding paragraphs.

E. Trade Creditors

62. The Company purchases goods and services in the normal course of business to facilitate the production of goods and the administration of the Company. Payment terms have historically been 30 days from the invoice date; however, the Company has been paying certain vendors in excess of 90 days from invoice date. As a result, certain vendors are requiring payment of aged invoices prior to shipping or providing services and some are requiring payment for goods before the shipment is released to the Company due to previous and ongoing delays in payments. At present, amounts owed to trade creditors total approximately \$7.6 million, with \$5.2 million being past due and \$1.5 million being more than 60 days past due.

F. Leased Real Property

63. The Company leases two facilities at its corporate park in Mississauga, Ontario: its headquarters, manufacturing and warehouse facility located at the Mississauga HQ, and its quality

control and administrative functions facility located at 2145 Meadowpine Blvd. (the “**Meadowpine Property**”). The Mississauga HQ lease and Meadowpine Property lease were set to expire in June 2024, but renewals were recently executed extending both leases through 2034.

V. RELIEF SOUGHT AT THE INITIAL APPLICATION

A. The Applicants are Insolvent

64. As reported in both the 2022 Financials and the 2023 Financials, the book value of the Company’s liabilities exceeds the book value of its assets. Of note in this regard, the vast majority of the Company’s liabilities are its funded debt obligations, most of which are either due, in default or, in the case of the RBC Operating Facility, repayable on demand. Each of the Applicants is either a borrower or guarantor of some or all of these debts. The Company is not currently in a position to repay any of the amounts outstanding under the RBC Operating Facility, the EDC Term Loan or the Deerfield Term Loan, and, in light of the Company’s current circumstances, there is no realistic prospect of refinancing them outside of a formal restructuring process.

65. Additionally, as described above, the Company has limited remaining liquidity to operate its business and has significantly stretched its trade payables. While the Company’s shareholders have provided additional capital over the course of the past year to assist with its liquidity and fund restructuring efforts, they have indicated that they are not prepared to provide additional funding at this juncture. Absent obtaining alternative financing in the near term, the Company will be unable to meet its obligations as they fall due in the normal course.

66. In light of the foregoing, the Applicants are insolvent both on a balance sheet test and as a result of a liquidity crunch.

B. Stay of Proceedings

67. The Applicants require a CCAA stay of proceedings in light of their financial circumstances. Without the benefit of a CCAA stay of proceedings, there could be an immediate and significant erosion of value to the detriment of stakeholders. In particular, the Applicants are mindful of the following risks, which could materialize without the benefit of a broad stay of proceedings and other protective relief under the CCAA and the proposed Initial Order: (a) suppliers ceasing to supply or tightening payment terms in a manner that further exacerbates liquidity challenges; (b) suppliers and debt holders commencing legal action to recover amounts owing to them; (c) customers terminating agreements or exploring alternative potential suppliers; (d) the potential termination of other agreements that are critical to the operations of the Applicants' business; and (e) disruptions to patient supply in light of the foregoing operational risks.

68. The Applicants are seeking CCAA protection to, among other things, obtain the funding and forum necessary to enable the Applicants to continue operations in the normal course, undertake the SISP with the assistance of the Financial Advisor and the proposed Monitor, seek approval of the Successful Bid (as defined below) at the conclusion of the SISP and, if approved by the Court, complete the transaction contemplated by the Successful Bid, all for the benefit of the Applicants and their stakeholders. The Applicants are therefore requesting a stay of proceedings for the Initial Stay Period, and expect to seek an extension of the stay through the period the SISP will be conducted until the consummation of a Successful Bid and the termination of these CCAA proceedings.

C. Cash Flow Forecast and DIP Financing

69. As indicated in the cash flow forecast attached to the pre-filing report of KSV as proposed Monitor (the “**Cash Flow Forecast**”), the Applicants will require access to additional funding while undertaking the SISP and working to implement a transaction. The Applicants’ principal use of cash during these CCAA proceedings will consist of costs associated with the ongoing operation of the CPL Business, including, among other things, employee compensation, supplier payments, lease payments and general administrative expenses. In addition to these normal course operating expenditures, the Applicants will also incur professional fees and disbursements in connection with these CCAA proceedings, including the SISP.

70. As described previously, to date the Company has been unable to secure additional financing. In light of the foregoing, and in addition to continuing to explore potential out of Court financing options, over the past several weeks, the Company, with the assistance of the Financial Advisor and the proposed Monitor, solicited expressions of interest in providing DIP financing from a variety of prospective lenders, including both current lenders to the Company and new potential lenders. Four expressions of interest were received and considered by the Company in consultation with its advisors. Ultimately, the Company selected the DIP proposal from Deerfield as representing the best alternative in the situation, including because Deerfield was the only potential DIP lender prepared to provide DIP financing that was junior to the RBC/EDC Security.

71. Accordingly, CPL Canada, as borrower, and each of the other Applicants, as guarantors, have entered into a term sheet (the “**DIP Term Sheet**”) with Deerfield, as lender (in such capacity, the “**DIP Lender**”) dated December 14, 2023, pursuant to which Deerfield has agreed to fund a loan (the “**DIP Loan**”) in a maximum principal amounts of \$6,000,000. The DIP Term Sheet provides for an initial authorized advance of up to the maximum amount of \$1,500,000 for use

during the Initial Stay Period, with the remaining amount to be available if such borrowing is authorized by the Court at the Comeback Hearing (subject to the terms of the DIP Term and the Cash Flow Forecast).

72. Based on the Cash Flow Forecast, the DIP Loan is expected to provide the Applicants with sufficient liquidity to continue their business operations in the ordinary course during these CCAA proceedings while conducting the SISP for the benefit of the Applicants and their stakeholders.

73. The DIP Term Sheet contemplates the granting of a super-priority Court-ordered charge over the Property (the “**DIP Lender’s Charge**”) to secure the obligations outstanding from time to time in connection with the DIP Loan, provided that the DIP Lender’s Charge will be junior to the RBC/EDC Security. The DIP Lender’s Charge will not secure any obligation that existed prior to the date of the Initial Order. Given the current financial circumstances of the Applicants, Deerfield has indicated that it is not prepared to advance additional funds without the security of the DIP Lender’s Charge, including the proposed priority thereof.

74. The material terms of the DIP Term Sheet are summarized in the below table. Capitalized terms used in the below table that are not otherwise defined herein have the meaning given to such terms in the DIP Term Sheet, a copy of which is attached hereto as Exhibit “J”.

Summary of Certain Key Terms of the DIP Loan	
Parties	<ul style="list-style-type: none"> • CPL Canada, as borrower, and CPL, CPL Canada HoldCo, Glasshouse Canada and Glasshouse America, as guarantors (collectively with the borrower, the “Obligors”).
Maximum Availability	<ul style="list-style-type: none"> • \$6,000,000.
Interest	<ul style="list-style-type: none"> • 12.5% per annum (provided that, following a default, the rate of interest is increased by 2.0% per annum on any overdue amounts). • Payable in cash on the aggregate outstanding principal, compounded monthly, and payable monthly in arrears in cash on the last Business Day of each month.

Summary of Certain Key Terms of the DIP Loan	
Fees	<ul style="list-style-type: none"> The Borrower shall pay to the DIP Lender a commitment fee equal to (i) 3.0% of the principal amount of the Initial Advance, earned on the commencement of the CCAA Proceedings plus (ii) 3.0% of the remaining Facility Amount (excluding, for certainty, the principal amount of the Initial Advance) on the granting of the ARIO.
Costs and Expenses	<ul style="list-style-type: none"> The Borrower is responsible for all reasonable and documented fees, costs and expenses of the DIP Lender (including fees and expenses of legal counsel and financial advisor to the DIP Lender) incurred in connection with the DIP Term Sheet and these CCAA proceedings.
Use of Funds	<ul style="list-style-type: none"> Proceeds of the DIP Loan are to be used for (i) professional fees and disbursements associated with the CCAA Proceedings, (ii) the DIP Lender Expenses, (iii) operating expenses of the Obligors necessary for the preservation of the business and assets during these CCAA Proceedings, and (iv) other fees and interest owing to the DIP Lender under the DIP Term Sheet.
Maturity	<ul style="list-style-type: none"> The DIP Loan will mature on the earliest to occur of (i) April 30, 2024, (ii) the consummation of a transaction pursuant to the SISP, and (iii) early termination by the DIP Lender upon an Event of Default.
Certain Key Conditions Precedent to Initial Advance	<ul style="list-style-type: none"> Conditions precedent to the initial advance include (i) execution and delivery of the DIP Term Sheet, (ii) the DIP Lender's satisfactory prior review of materials to be filed in the CCAA Proceedings, (iii) issuance of the Initial Order, (iv) the granting of the DIP Lender's Charge, (v) that there shall be no Liens ranking <i>pari passu</i> with or in priority to the DIP Lender's Charge over the property and assets of the Obligors, other than the Permitted Liens, (vi) the accuracy of all representations and warranties provided by the Obligors, (vii) the absence of any Event of Default, and (viii) payment of the DIP Lender Expenses.
Certain Key Conditions Precedent to Subsequent Advances	<ul style="list-style-type: none"> Conditions precedent to subsequent advances include (i) the DIP Lender's satisfactory prior review of materials to be filed in connection with the motion for the ARIO and SISP Order, (ii) issuance of the ARIO and SISP Order, (iii) that neither the ARIO and SISP Order shall have been stayed, vacated or otherwise amended, restated or modified without the consent of the DIP Lender, (iv) that there shall be no Liens ranking <i>pari passu</i> with or in priority to the DIP Lender's Charge over the property and assets of the Obligors, other than the Permitted Liens, (v) the representations and warranties made by the Obligors under the DIP Term Sheet are true and correct, (vi) the absence of any Event of Default, and (vii) payment of the DIP Lender Expenses.

Summary of Certain Key Terms of the DIP Loan	
Events of Default	<ul style="list-style-type: none"> • Events of Default include (i) non-payment of any principal when due, (ii) non-payment of interest within two (2) Business Days of becoming due, (iii) non-payment of costs, fees, expenses of the DIP Lender within five (5) Business Days of receiving an invoice, (iv) the Borrower's material failure to perform or observe any obligations or covenants, including failure to meet a SISP Milestone or failure to deliver a Variance Report within one (1) Business Day of when due, (v) any material misrepresentation by the Borrower, (vi) the termination of the CCAA Proceedings (or the stay issued therein), (vii) the appointment of any receiver, receiver-manager, interim receiver, trustee in bankruptcy, proposal trustee or similar trustee, assignment in bankruptcy, or the making of a bankruptcy order against or in respect of any Obligor, (viii) any change to the priority of the DIP Lender's Charge, (ix) any order is made pursuant to the CCAA proceeding that contravenes the DIP Term Sheet or the DIP Lender's Charge, and (x) as at the due date of any Variance Report, there shall exist a net negative variance from the DIP Budget in excess of 15% (excluding from such calculation any variance in the DIP Lender Expenses and/or the fees and expenses payable to the Monitor and its counsel) (the "Permitted Variance") in either (i) consolidated receipts or (ii) consolidated disbursements, in either case on a cumulative basis since the beginning of the period covered by the then-current DIP Budget.
Security and DIP Lender's Charge	<ul style="list-style-type: none"> • The Borrower's obligations under the DIP Loan shall be secured by the DIP Lender's Charge, which covers all present and future assets, property and undertaking of the Obligors.
Priority of the DIP Charge	<ul style="list-style-type: none"> • The DIP Lender's Charge shall rank in priority to all other security interests, encumbrances and charges except for (i) the Administration Charge, (ii) the Directors' Charge, (iii) the KERP Charge, (iv) the Financial Advisor Charge, and (iv) the RBC/EDC Security.

75. Based on discussions with representatives from the proposed Monitor and the Financial Advisor, I believe that the economic terms of the DIP Term Sheet are reasonable. The interest rates are consistent with market, and the structure and terms of the DIP Term Sheet otherwise provide significant flexibility to the Applicants to allow them to continue operations and conduct the SISP with the assistance of the Financial Advisor and under the oversight of the proposed Monitor. Further, as noted above, the DIP Term Sheet was the only proposal for DIP financing received that contemplated security in the form of a subordinated court-ordered charge, ranking junior to the RBC/EDC Security.

76. In connection with agreeing to the terms of the DIP Loan, the Company and Deerfield have also reached certain agreements pertaining to the CVRs relating to the Deerfield Term Loan. In particular, Deerfield has agreed to irrevocably waive and release its claims under the CVRs if the amounts outstanding under the DIP Loan and the Deerfield Term Loan are repaid in full by June 30, 2024, pursuant to a transaction entered into on or before April 30, 2024. This agreement provides an incremental benefit to the Company and its stakeholders by providing certainty that Deerfield will not have a claim in relation to the CVRs if the foregoing conditions are satisfied.

D. Continued Use of Cash Management System and Related Matters

77. In the ordinary course of its business, the Company uses a centralized cash management system (the “**Cash Management System**”). As part of the Cash Management System, the Applicants have multiple operating bank accounts with RBC and TD which are used for all day-to-day and corporate operating transactions, including the collection of receipts from its customers and payment of suppliers. The Applicants are seeking the authority to continue to use the Cash Management System. The continued operation of the existing Cash Management System will minimize disruption to the Applicants’ operations and avoid the need to negotiate and implement alternative banking arrangements. The current Cash Management System includes the necessary accounting controls to enable the Applicants and the proposed Monitor to trace funds and ensure that all transactions are adequately ascertainable. As such, the proposed Initial Order authorizes the continuation of the current Cash Management System.

78. The Company also uses a limited number of credit cards issued through American Express to facilitate certain day-to-day payments (the “**Credit Cards**”). The Applicants are seeking the authority pursuant to the proposed Initial Order to continue to use the Credit Cards, and make full repayment of all amounts outstanding thereunder, including with respect to pre-filing charges. As

with the Cash Management System, the continued use of the Credit Cards will assist in minimizing disruption to the operations of the Applicants caused by the CCAA proceedings. As at November 30, 2023, the aggregate amount outstanding on the Credit Cards was under \$24,000.

E. Payments During the CCAA Proceedings

79. During the course of the CCAA proceedings, the Company intends to make payments for goods and services contracted for and supplied to it post-filing in the ordinary course, as set out in the Cash Flow Forecast and requested in the proposed Initial Order.

80. Pursuant to the proposed Initial Order, the Applicants are also requesting authorization to make payments to critical suppliers and service providers, with the consent of the Monitor and the DIP Lender, for goods and services actually supplied to the Applicants prior to the CCAA proceedings being commenced.

81. The Company has identified and provided information to the proposed Monitor regarding certain suppliers and service providers that are critical for the Company to continue its business in the normal course, certain of whom are outside Canada and certain of whom are the sole supplier of a particular input the Company requires. In addition, as described previously, owing to regulatory and proprietary considerations, in certain cases the Company is not in a position to source products from alternative suppliers. Payment for goods and services supplied by such parties to the Applicants prior to the date of the commencement of the CCAA proceedings is fundamental to preserving these key relationships and the timely supply of products to the Applicants. Importantly, disruption to the provision of such goods and services could jeopardize the normal course operations of the CPL Business and the Company's ability to meet obligations to its customers.

F. The Proposed Monitor

82. The Applicants are seeking the appointment of KSV as the Monitor in these CCAA proceedings. KSV has consented to act as the Monitor in the within CCAA proceedings, subject to Court approval. I understand a copy of the Consent to Act as Monitor provided by KSV will be included in the Application Record filed in connection with the application for the proposed Initial Order.

83. I understand from Noah Goldstein of KSV that KSV is a trustee within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* (Canada), as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in Section 11.7(2) of the CCAA.

84. KSV became involved with the Company in November 2023 to assist the Company in its review of financial and restructuring matters and in contemplation of serving as a Monitor if formal restructuring proceedings were commenced. During the course of its mandate, KSV has assisted in reviewing and analyzing the Company's financial and liquidity position (including the Cash Flow Forecast) and restructuring and financing options, including the development of the SISP, the terms of the DIP Loan and the other relief requested by the Applicants in connection with the CCAA proceedings.

85. The professionals at KSV who will have carriage of this matter have acquired knowledge of the Company, its business and financial circumstances, and the overall restructuring efforts of the Company undertaken to date. I believe that KSV is in a position to assist the Applicants with their restructuring efforts in these CCAA proceedings.

G. Administration Charge

86. The proposed Initial Order contemplates that a Court-ordered charge over the property would be granted in favour of the proposed Monitor (KSV), counsel to the proposed Monitor (Cassels Brock & Blackwell LLP), counsel to the Applicants (Goodmans LLP) and the Financial Advisor to secure the payment of their respective fees and disbursements (in the case of the Financial Advisor, excluding the Transaction Fee (as defined below)) incurred in connection with the CCAA proceedings up to a maximum of CA\$375,000 for the Initial Stay Period (the “**Administration Charge**”). The Administration Charge is proposed to have first ranking priority over all other charges and encumbrances on the Property. The Applicants anticipate requesting that the quantum of the Administration Charge be increased to a maximum of CA\$600,000 pursuant to the ARIO.

87. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA proceedings. Each of the beneficiaries of the Administration Charge will have distinct roles in the CCAA proceedings, and will contribute to the Applicants’ restructuring efforts.

88. The quantum of the proposed Administration Charge was estimated by the Applicants, with the assistance of the proposed Monitor. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the proposed Monitor and Deerfield are also supportive of the Administration Charge.

H. Directors and Officers Indemnity and Charge

89. I am advised by Chris Armstrong of Goodmans LLP, counsel to the Applicants, and believe that, in certain circumstances, directors can be held liable for certain obligations of a company

owing to employees and government entities, which may include unpaid wages and vacation pay, together with unremitted sales, goods and services, and harmonized sales taxes.

90. The Company maintains an insurance policy in respect of the potential liability of its directors and officers, as well as those of its subsidiaries (the “**D&O Policy**”). While the D&O Policy insures directors and officers for certain claims that may arise against them in their capacity as directors and/or officers of the Applicants, that coverage is not absolute. Rather, it is subject to several exclusions and limitations, which may result in there being no coverage or insufficient coverage for potential liabilities.

91. The directors and officers of the Applicants have expressed a desire for certainty with respect to their potential personal liability if they continue in their current roles in the CCAA proceedings.

92. Each of the directors and officers has considerable experience with, and knowledge of, the Company’s business. The Applicants require, and stakeholders will benefit from, the active involvement of the directors and officers during the CCAA proceedings and the SISF. Given the uncertainty surrounding insurance and available indemnities, the Applicants’ directors and officers have indicated that their continued service and involvement in the CCAA proceedings is conditional upon the granting a Court-ordered charge on the Property (the “**Directors’ Charge**”) in the amount of CA\$1,801,000 to secure the indemnity provided to the directors and officers in the proposed Initial Order in respect of liabilities they may incur during the CCAA proceedings in their capacities as such. The Directors’ Charge would be subordinate to the proposed Administration Charge but will rank in priority to all other encumbrances.

93. The Applicants believe that the Directors' Charge is reasonable in the circumstances, especially in light of the aforementioned risks. I understand that the proposed Monitor and Deerfield are supportive of the Directors' Charge and its quantum. The amount of the Directors' Charge for purpose of the Initial Order has been calculated with the assistance of KSV based on the estimated potential exposure of the directors and officers during the initial 10-day Stay Period and has been reviewed with me. I understand that KSV will provide further information to the Court on the calculation of the Directors' Charge in its pre-filing report. The proposed Directors' Charge would apply only to the extent that the directors and officers do not have coverage under the D&O Policy.

I. Priorities of Charges

94. It is contemplated that the priorities of the various Court-ordered Charges granted pursuant to the Initial Order, as among them, will be as follows:

- (a) Administration Charge: up to a maximum of CA\$375,000;
- (b) Directors' Charge: up to a maximum of CA\$1,801,000; and
- (c) DIP Lender's Charge: up to a maximum of \$1,500,000, plus interest, fees and expenses.

95. The proposed Initial Order provides for the Charges to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**") in favour of any person, except: (i) any secured creditor of the Applicants who did not receive notice of the application for the Initial Order; and (ii) the DIP Lender's Charge shall be subordinate to the RBC/EDC Security. The proposed Initial Order authorizes the Applicant to seek an Order, on a subsequent motion on notice to those persons

likely to be affected thereby, granting priority of the Charges ahead of any Encumbrance over which the Charges have not obtained priority pursuant to the Initial Order, provided that the DIP Lender's Charge shall continue to rank behind the RBC/EDC Security.

VI. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING

96. As referenced above, the Applicants intend to seek the ARIO and the SISP Approval Order at the Comeback Hearing. The relief contemplated by each of the proposed ARIO and SISP Approval Order is described below.

A. ARIO

(i) Stay Extension

97. The proposed Initial Order seeks the granting of a CCAA stay of proceedings for the Initial Stay Period until and including December 22, 2023. At the Comeback Hearing, the Applicants intend to seek an extension of the stay of proceedings up to and including March 22, 2024. The proposed extension of the stay of proceedings will enable the Applicants, with the assistance of the Financial Advisor and the proposed Monitor, to conduct the SISP and return to Court to seek approval of the Successful Bid.

(ii) Set-off

98. The Applicants will also seek an amendment to the Initial Order to clarify that, during the stay of proceedings, no party may assert rights of set-off in respect of any obligations owing before the commencement of these CCAA proceedings without an order of the Court. The Applicants believe that this provision is required to ensure that they can continue to operate in the ordinary course and that no set-off rights will be exercised in a way that will disrupt the Company's restructuring efforts. Specifically, I am concerned that pre-filing obligations are not set-off against

post-filing obligations. I am advised by Chris Armstrong of Goodmans LLP, counsel to the Applicants, that such a provision is consistent with a recent decision of the Supreme Court of Canada and has been included in orders granted in other recent CCAA cases.

(iii) Approval of KERP and Granting of KERP Charge

99. The retention of key employees is of vital importance to the Applicants during these CCAA proceedings, including in connection with maintaining ongoing business operations, pursuing the SISF and completing a restructuring transaction in connection therewith. The Applicants therefore intend to seek Court approval of the KERP, which has been developed with the assistance of KSV.

100. The KERP will entitle designated key employees to a cash payment based on a percentage of the employee's salary (or, in certain cases, a lump sum), provided that such key employee remains in the employment of the Company through the completion of the transaction identified through these proceedings, subject to other customary terms and conditions. The maximum aggregate retention payments payable pursuant to the KERP total CA\$998,311. It is contemplated that amounts owing under the KERP would be secured by the KERP Charge.

101. The Company's key employees who are proposed to be entitled to payments under the KERP have significant knowledge and responsibility with respect to the Applicants and their operations, and their commitment is key to the Company's restructuring efforts.

102. The KERP is designed to encourage these key employees to continue their employment through to the completion of a transaction. Absent the KERP, key employees may seek alternative employment and the Company believes it would be detrimental to the CPL Business and the overall restructuring process if these employees were to leave and the Company was required to attempt to find replacement employees during this critical time.

103. The KERP is also designed to recognize the significant importance of the key employees to the pursuit and implementation of a transaction, and the significant amount of additional work and effort required to advance and assist with the Company's efforts in these CCAA proceedings.

104. I understand that further details in respect of the proposed KERP, including a confidential schedule with further details in respect of the roles of the key employees and the proposed KERP payments, will be provided in the proposed Monitor's report to be filed in advance of the Comeback Hearing.

(i) Financial Advisor Engagement

105. As noted above, the Company retained the Financial Advisor to assist with the pre-filing refinancing and investment solicitation process and to assist with evaluating potential transactions. The Financial Advisor's role expanded to also assisting the Company with seeking DIP financing alternatives and it is contemplated that the Financial Advisor will assist the Company in conducting the SISF. At the Comeback Hearing, the Applicants intend to seek approval of the Financial Advisor's engagement letter and the Financial Advisor Charge (as described below). A copy of the Financial Advisor's engagement letter is attached hereto as Exhibit "K". The Financial Advisor's engagement letter contains a success fee provision in connection with the completion of a successful refinancing, sale or restructuring transaction (the "**Transaction Fee**"). The Applicants will request that the Transaction Fee be secured by a priority charge on the Property to provide certainty to the Financial Advisor that it will be compensated for its services in accordance with the terms of its engagement letter (the "**Financial Advisor Charge**"). The Financial Advisor Charge is necessary and reasonable in the circumstances as it is a condition of the retention of the Financial Advisor.

(ii) *Increase to Charges*

106. The charges proposed in the Initial Order are intended for the Initial Stay Period only. The proposed ARIO provides for the following amendments to the Charges, as well as the addition of the KERP Charge, listed in order of priority:

- (a) Administration Charge: increase to a maximum of CA\$600,000;
- (b) Directors' Charge: increase to a maximum of CA\$2,306,000;
- (c) KERP Charge: granted in a maximum amount of CA\$998,311;
- (d) Financial Advisor Charge; and
- (e) DIP Lender's Charge: increase to a maximum of \$6,000,000, plus accrued and unpaid interest, fees and expenses, provided that the DIP Lender's Charge shall be subordinate to the RBC/EDC Security.

107. The Applicants believe the amounts of the proposed Charges (both in the Initial Order and the ARIO) are fair and reasonable in the circumstances. I understand that the proposed Monitor and Deerfield are also supportive of the amounts of the proposed Charges, as increased and/or granted pursuant to the proposed ARIO.

108. The Applicants intend to provide notice of the Comeback Hearing and the request for the ARIO to any persons having a registered security interest in respect of any Applicant. As such, the proposed ARIO provides that the Charges shall rank in priority to all Encumbrances, provided that the DIP Lender's Charge shall be subordinate to the RBC/EDC Security.

B. SISP Approval Order

109. As discussed above, the Company, with the assistance of its advisors, worked throughout much of 2023 to identify a strategic transaction that would have avoided the need for a formal restructuring filing. Unfortunately, none of the options identified to date led to a definitive transaction that could be achieved in the time available to the Company given its financial constraints.

110. Over the course of the coming months, the Company anticipates building on these efforts through the SISP to identify the highest or otherwise best offer for a refinancing, sale or other strategic investment or transaction involving the business, assets and/or equity of the Applicants.

111. The SISP provides for a flexible process under which the Applicants, with the assistance of the Financial Advisor and under the oversight of the Monitor, will solicit interest in a potential transaction.

112. The material terms of the SISP are summarized below. Capitalized terms used in the below summary that are not otherwise defined herein have the meanings given to such terms in the SISP, a copy of which is attached hereto as Exhibit “L”.

Summary of Certain Key Terms of the SISP	
Process and Timeline	<ul style="list-style-type: none"> • <u>LOI Deadline</u>: Interested parties must submit a non-binding letter of intent meeting the requirements specified in the SISP (a “LOI”) by the LOI Deadline of 2:00 p.m. (Toronto time) on February 8, 2024. • <u>Qualified Bid Deadline</u>: Interested parties must submit a qualified bid meeting the requirements enumerated in the SISP (a “Qualified Bid”) by the Qualified Bid Deadline of 2:00 p.m. (Toronto time) on February 29, 2024 (the “Qualified bid Deadline”). • <u>Selection of Qualified Bid</u>: Following the Qualified Bid Deadline, the Applicants, in consultation with the Monitor and the DIP Lender, will evaluate the Qualified Bid’s based of off the criteria enumerated in section 9 of the SISP. After consideration of these factors, the Applicants, will select a successful bidder by no later than 2:00 p.m. (Toronto time) on March 12, 2024 (the “Successful Bid”).

Summary of Certain Key Terms of the SISP	
Certain Requirements for Qualified Bids	<ul style="list-style-type: none"> • Provide for consideration, payable in full on closing of the Transaction (the “Consideration Value”), and provides a detailed sources schedule that identifies, with specificity, the composition of the Consideration Value and any assumptions that could reduce the net consideration payable including details of any material liabilities that are being assumed or being excluded. • As part of the Consideration Value, provide cash consideration sufficient to pay: (i) any obligations in connection with charges granted by the Court in the Applicants’ CCAA proceedings and any obligations in priority thereto; and (ii) the amount necessary to fund a wind-up of the Applicants’ CCAA proceedings and any further proceedings or wind-up costs in respect of the Applicants. • Contemplates closing by not later than the Outside Date of April 30, 2024. • Contains duly executed binding transaction documents. • Provides that the bid will serve as a Back-Up Bid if it is not selected as the Successful Bid, and if selected as the Back-Up Bid it will remain irrevocable until the earlier of (i) closing of the Successful Bid or (ii) closing of the Back-Up Bid. • Provides written evidence of the bidder’s ability to fully fund and consummate the Transaction and satisfy its obligations under the Transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value and the additional items (in scope and amount) covered by the guarantees provided by affiliates of the bidder in connection with the Successful Bid. • Does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment, or be conditional upon the outcome of unperformed due diligence and/or the securing of financing. • Includes a cash deposit equal to 10% of the Consideration Value. • Except to the extent otherwise authorized by the Court, no bid may be designated as a Successful Bid or Back-up Bid unless (x) it will pay out in cash on closing all principal, interest, fees and costs outstanding under the Deerfield Term Loan or (y) it is consented to by Deerfield.

Summary of Certain Key Terms of the SISP	
Review, Selection and Court Approval of Successful Bid	<ul style="list-style-type: none"> • If one or more Qualified Bids has been received by the Applicants and the Monitor on or before the Qualified Bid Deadline, the Applicants, in consultation with the Monitor and the DIP Lender, may: <ul style="list-style-type: none"> ○ negotiate with one or more of the bidders who submitted a Qualified Bid, including requesting that such bidder improve or otherwise modify the terms of its Qualified Bid; ○ considering the requirements for Qualified Bids and, among other things, (i) the amount of consideration being offered and, if applicable, the proposed form, composition and allocation of same, (ii) the value of any assumption of liabilities or release of liabilities not otherwise accounted for in (i) above, (iii) the likelihood of the bidder’s ability to close a Transaction by not later than the Outside Date, (iv) the likelihood of the Court’s approval of the Successful Bid, (v) the benefit to the Applicants and their stakeholders, and (vi) any other factors the directors or officers of Applicants may, consistent with their fiduciary duties, reasonably deem relevant (collectively, the “Consideration Factors”); and (vii) designate any Qualified Bid received to be the highest or otherwise best bid in the SISP. ○ having regard to the Consideration Factors, designate any Qualified Bid received as the Back-Up Bid.
Consultation / Information	<ul style="list-style-type: none"> • The Applicants and the Monitor shall be permitted, in their discretion, to provide general updates and information in respect of the SISP to any Creditor (including any advisor thereto) on a confidential basis, upon: (a) the irrevocable confirmation in writing from such Creditor that it will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Applicants in form and substance satisfactory to the Applicants and the Monitor. The DIP Lender and DPDF IV have irrevocably confirmed that they will not submit any bid in the SISP (provided that they may credit bid following the termination of the SISP), and as such the Applicant and Monitor shall consult and provide all information in respect of the SISP to the DIP Lender and its legal and financial advisors. • The highest Qualified Bid may not necessarily be accepted by the Applicants. The Applicants, with the written consent of the Monitor and the DIP Lender, reserve the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Applicants, with the written consent of the Monitor, reserve the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the Opportunity or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids.

113. The SISP is to be conducted in accordance with the timelines set out immediately below:

Key Date¹	SISP Step
December 22, 2023	Anticipated issuance of the SISP Approval Order.

¹ Capitalized terms not otherwise defined within this table have the meaning ascribed to them in the SISP.

Key Date ¹	SISP Step
By no later than January 8, 2024	Applicants, with the assistance of the Financial Advisor, will commence the solicitation process.
February 8, 2024	LOI Deadline.
February 29, 2024	Qualified Bid Deadline.
March 12, 2024	Selection of Successful Bid Deadline.
By no later than March 22, 2024	Hearing for the Approval Order (subject to the Court's availability).
April 30, 2024	Outside Date for Closing of the Successful Bid.

114. I believe that the timelines and terms of the SISP are reasonable and appropriate in the circumstances, and will result in a fair and equitable process that will appropriately canvass the market in order to identify the best available transaction for the benefit of Company and its stakeholders.

VII. CONCLUSION

115. The Company, with the assistance of its advisors, has reviewed and considered the potential options and alternatives available to it in the circumstances, taking into account, among other things, its limited remaining liquidity and current inability to repay its funded debt.

116. The Company has determined that it is in its best interests and those of its stakeholders to commence these CCAA proceedings, with the support of Deerfield as the DIP Lender. These CCAA proceedings, and the relief sought in the proposed Initial Order, ARIO and SISP Approval Order, will provide the stability, framework and necessary financing for the Company to canvass the market to identify a strategic transaction to provide the best result for the Company and its stakeholders, while at the same time ensuring that the core business of the Company will continue on a going-concern basis for the benefit of stakeholders.

117. The Applicants believe that the relief sought pursuant to the proposed Initial Order is appropriate and necessary in the circumstances, and respectfully request that the Court grant the proposed Initial Order. If the Initial Order is granted, the Applicants also respectfully submit that the relief sought in the proposed ARIO and SISP Approval Order is appropriate and in the best interests of the Applicants, and that such Orders be granted at the Comeback Hearing.

SWORN before me by Jan Sahai stated as being located in the City of Mississauga in the Province of Ontario, before me at the City of Toronto in the Province of Ontario, on December 14, 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

Erik Axell

A Commissioner for taking affidavits

Name: Erik Axell
LSO: # 853450

Jan Sahai

Signed by: Jan Sahai
CEO
Date & Time: December 14, 2023 17:34:09 EST

JAN SAHAI

**THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF JAN SAHAI
SWORN BEFORE ME OVER VIDEOCONFERENCE
THIS 17th DAY OF MARCH, 2024**

Erik Apell

Commissioner for Taking Affidavits



Court File No. CV-23-00711401-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 22nd
)
JUSTICE PENNY) DAY OF DECEMBER, 2023
)

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CONTRACT PHARMACEUTICALS
LIMITED, CPL CANADA HOLDCO LIMITED, CONTRACT
PHARMACEUTICALS LIMITED CANADA, GLASSHOUSE
PHARMACEUTICALS LIMITED CANADA, AND
GLASSHOUSE PHARMACEUTICALS LLC**

(the “Applicants”)

SISP APPROVAL ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order, *inter alia*, approving the Sale and Investment Solicitation Process in the form attached hereto as Schedule “A” (the “SISP”) and certain related relief, was heard this day by videoconference via Zoom.

ON READING the affidavit of Jan Sahai sworn December 14, 2023, and the Exhibits thereto, and the pre-filing report dated December 14, 2023, of the proposed monitor, KSV Restructuring Inc. (“KSV”), and the first report of KSV as the Court-appointed monitor of the Applicants (in such capacity, the “Monitor”) dated December 20, 2023 (the “First Report”), and on hearing the submissions of counsel for the Applicants, counsel for KSV, counsel for Deerfield Private Design Fund IV, L.P. and Deerfield Private Design Fund III, L.P., counsel for Royal Bank of Canada, and counsel for Export Development Canada, and the other parties listed on the counsel slip,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order of this Court dated December 22, 2023 (the “**ARIO**”), or the SISP, as the case may be.

SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the SISP pursuant to the terms thereof. The Applicants, the Financial Advisor and the Monitor are hereby authorized and directed to do all things reasonably necessary to perform their respective obligations thereunder, subject to prior approval of the Court being obtained before completion of any transaction(s) under the SISP.

4. **THIS COURT ORDERS** that the Applicants, the Financial Advisor, the Monitor, and their respective affiliates, partners, directors, officers, employees, legal advisors, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of the SISP, except to the extent of losses, claims, damages or liabilities that arise or result from the gross negligence or wilful misconduct of any such person (with respect to such person alone), in performing their obligations under the SISP, as determined by this Court in a final order that is not subject to appeal or other review.

5. **THIS COURT ORDERS** that in overseeing the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of this Court in the within proceeding.

6. **THIS COURT ORDERS** that the Applicants and the Monitor may from time to time apply to this Court for advice and directions in connection with the SISP or the implementation thereof.

PIPEDA

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and any similar legislation in any other applicable jurisdictions, the Applicants, the Monitor and their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants that are party to a non-disclosure agreement (each, a “**SISP Participant**”) and their respective advisors personal information of identifiable individuals, but only to the extent required to negotiate or attempt to complete a transaction pursuant to the SISP (a “**Transaction**”). Each SISP Participant to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and, if it does not complete a Transaction, shall return all such information to the Applicants, or, in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Applicants or the Monitor. Any bidder with a Successful Bid shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or the Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other

personal information to the Applicants, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Applicants or the Monitor.

GENERAL

8. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal and regulatory or administrative bodies, having jurisdiction in Canada or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Toronto Time) on the date of this Order without the need for entry or filing.



SCHEDULE “A”

SALE AND INVESTMENT SOLICITATION PROCESS

[ATTACHED]

Sale and Investment Solicitation Process for Contract Pharmaceuticals Limited

1. On December 15, 2023, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order (the “**Initial Order**”), among other things: (i) granting Contract Pharmaceuticals Limited, CPL Canada Holdco Limited, Contract Pharmaceuticals Limited Canada, Glasshouse Pharmaceuticals Limited Canada (“**Glasshouse Canada**”), and Glasshouse Pharmaceuticals LLC (collectively, the “**Applicants**”) relief pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”); and (ii) approving the Applicants’ ability to borrow under an interim debtor-in-possession financing facility pursuant to a DIP Financing Term Sheet dated December 14, 2023 (the “**DIP Agreement**”) with Deerfield Private Design Fund IV, L.P. (“**DPDF IV**”), as agent for itself and Deerfield Private Design Fund III, L.P. (together in such capacity, the “**DIP Lender**”) providing borrowings of up to US\$6,000,000 (the “**DIP**”).
2. On December 22, 2023, the Court granted: (i) an order amending and restating the Initial Order (the “**ARIO**”); and (ii) an order (the “**SISP Approval Order**”) that, among other things, authorized the Applicants to implement a sale and investment solicitation process (“**SISP**”) in accordance with the terms hereof. Capitalized terms that are not otherwise defined herein have the meanings ascribed to them in the ARIO or the SISP Approval Order, as applicable. Copies of the ARIO and the SISP Approval Order can be found at the following URL: <https://www.ksvadvisory.com/experience/case/cpl> (the “**Monitor’s Website**”).
3. This SISP sets out the manner in which: (a) binding bids for a refinancing, sale or other strategic investment or transaction involving the business, assets and/or equity of the Applicants (the “**Opportunity**”), will be solicited from interested parties; (b) any such bids received will be addressed; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of any Successful Bid will be sought.
4. The SISP shall be conducted by the Applicants with the assistance of SSG Capital Advisors, LLC (in such capacity, the “**Financial Advisor**”) under the oversight of KSV Restructuring Inc. in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the “**Monitor**”).
5. Parties who wish to have their bids considered must participate in the SISP.
6. The Applicants, with the assistance of the Financial Advisor and under the oversight of the Monitor, will:
 - (a) disseminate marketing materials and a process letter (which letter shall, among other things, direct recipients to the Monitor’s Website for a copy of this SISP) to potentially interested parties identified by the Applicants, with the assistance of the

Financial Advisor and in consultation with the Monitor and the DIP Lender, or any other interested party who contacts the Applicants, the Financial Advisor or the Monitor;

- (b) solicit interest from interested parties with a view to such parties entering into non-disclosure agreements (each an “NDA”) (parties shall only obtain access to the virtual data room (the “VDR”) and be permitted to participate in the SISP if they execute an NDA, in form and substance satisfactory to the Applicants; provided that those parties that have already executed an NDA with the Applicants shall not be required to execute a further NDA provided that such prior NDA has not expired or will not expire during the SISP);
 - (c) provide interested parties who have executed an NDA with: (i) a confidential information memorandum in respect of the Opportunity; and (ii) access to the VDR containing diligence information in respect of the Opportunity and such other diligence opportunities as the Applicants, with the assistance of the Financial Advisor and in consultation with the Monitor, consider advisable;
 - (d) request that interested parties submit a non-binding letter of intent (“LOI”) that meets the requirements set forth in Section 8 below by the LOI Deadline (as defined below); and
 - (e) request that such parties submit a binding offer that meets at least the requirements set forth in Section 9 below, as determined by the Applicants, in consultation with the Monitor (each a “Qualified Bid”), by the Qualified Bid Deadline (as defined below).
7. The SISP shall be conducted subject to the terms hereof and the following key milestones, which milestones may be extended by the Applicants, in consultation with the Monitor (provided that in the case of any extension by more than three days for any individual milestone, or seven days in the aggregate, or for any extension of the Outside Date, the consent of the DIP Lender shall also be required):
- (a) the Court issues the SISP Approval Order approving the SISP – by no later than December 22, 2023;
 - (b) the Applicants, with the assistance of the Financial Advisor, commence the solicitation process by no later than January 8, 2024, it being understood that the Applicants and the Financial Advisor, in consultation with the Monitor, shall be at liberty to provide marketing materials and commence discussions with interested parties prior to such date as they consider appropriate;
 - (c) deadline to submit a non-binding LOI – by no later than 2:00 p.m. (Toronto time) on February 8, 2024 (the “LOI Deadline”);
 - (d) deadline to submit a Qualified Bid – by no later than 2:00 p.m. (Toronto time) on February 29, 2024 (the “Qualified Bid Deadline”);

- (e) deadline to select a Qualified Bid as the successful bid (the “**Successful Bid**”) – by no later than 2:00 p.m. (Toronto time) on March 12, 2024;
 - (f) Approval Order (as defined below) hearing – by no later than March 22, 2024, subject to Court availability; and
 - (g) closing of the Successful Bid – as soon thereafter as possible and, in any event, by no later than April 30, 2024 (the “**Outside Date**”).
8. Any interested party who wishes to submit an LOI in the SISP must submit an LOI that complies with the following criteria (it being understood that the Applicants, in consultation with the Monitor, may waive strict compliance with any one or more of the requirements specified below):
- (a) it sets forth the identity of the interested party, including its contact information, full disclosure of its direct and indirect principals and equity holders, and information as to the interested party’s financial wherewithal to complete a transaction pursuant to the SISP;
 - (b) it sets forth the principal terms of the proposed transaction, including: (i) the nature of the proposed transaction (e.g. refinancing, sale, investment, etc.); (ii) the purchase price or other consideration offered in connection with the transaction, including material assumed liabilities; (iii) a description of any conditions or approvals required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the transaction; (v) proposed treatment of the Applicants’ employees; (vi) any other terms or conditions that the interested party believes are material to the transaction; and (vii) any other information as may be reasonably requested by the Applicants, in consultation with the Monitor; and
 - (c) it is received by the Applicants and the Monitor by no later than the LOI Deadline at the email addresses specified on Schedule “A” hereto.
9. In order to constitute a Qualified Bid, a bid must comply with the following:
- (a) it provides for consideration, payable in full on closing of the Transaction (the “**Consideration Value**”), and provides a detailed sources schedule that identifies, with specificity, the composition of the Consideration Value and any assumptions that could reduce the net consideration payable including details of any material liabilities that are being assumed or being excluded;
 - (b) as part of the Consideration Value, it provides cash consideration sufficient to pay on closing: (i) any obligations in connection with the charges granted by the Court in the Applicants’ CCAA proceedings and any obligations in priority thereto; and (ii) the amount necessary to fund a wind-up of the Applicants’ CCAA proceedings and any further proceedings or wind-up costs in respect of the Applicants;
 - (c) it contemplates closing of the Transaction by not later than the Outside Date;

- (d) it contains:
 - (i) duly executed binding Transaction document(s);
 - (ii) the legal name and identity (including jurisdiction of existence) and contact information of the bidder, full disclosure of its direct and indirect principals, and the name(s) of its controlling equityholder(s);
 - (iii) a redline to the form of any transaction agreement made available by the Applicants in the VDR;
 - (iv) evidence of authorization and approval from the bidder's board of directors (or comparable governing body) and, if necessary to complete the transaction, the bidder's equityholder(s);
 - (v) disclosure of any past or current connections or agreements with the Applicants, any known, potential, prospective bidder participating in the SISP, or any current or former officer, manager, director, member or known current or former equity security holder of any of the Applicants; and
 - (vi) such other information as may be reasonably requested by the Applicants or the Monitor;
- (e) it includes a letter stating that the bid is submitted in good faith, is binding and is irrevocable until closing of the Successful Bid; provided, that if such bid is not selected as the Successful Bid or as the next-highest or otherwise best Qualified Bid as compared to the Successful Bid (such bid, the "**Back-Up Bid**") it shall only remain irrevocable until selection of the Successful Bid;
- (f) it provides that the bid will serve as a Back-Up Bid if it is not selected as the Successful Bid and if selected as the Back-Up Bid it will remain irrevocable until the earlier of: (i) closing of the Successful Bid; or (ii) closing of the Back-Up Bid;
- (g) it provides written evidence of the bidder's ability to fully fund and consummate the Transaction and satisfy its obligations under the Transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value and the additional items (in scope and amount) covered by the guarantees provided by affiliates of the bidder in connection with the Successful Bid;
- (h) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
- (i) it is not conditional upon:
 - (i) approval from the bidder's board of directors (or comparable governing body) or equityholder(s);

- (ii) the outcome of any due diligence by the bidder; or
- (iii) the bidder obtaining financing;
- (j) it includes an acknowledgment and representation that the bidder: (i) has had an opportunity to conduct any and all required due diligence prior to making its bid, and has relied solely upon its own independent review, investigation and inspection in making its bid; (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including the Applicants, the Financial Advisor, the Monitor and their respective employees, officers, directors, agents, advisors (including legal counsel) and other representatives, regarding the proposed Transaction, this SISP, or any information (or the completeness of any information) provided in connection therewith, except as expressly stated in the proposed Transaction documents; (iii) is making its bid on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Applicants, the Financial Advisor, the Monitor or any of their respective employees, officers, directors, agents, advisors and other representatives, except to the extent set forth in the proposed Transaction documents; (iv) is bound by this SISP and the SISP Approval Order; and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the SISP or its bid;
- (k) it specifies any regulatory or other third-party approvals the bidder anticipates would be required to complete the Transaction (including the anticipated timing necessary to obtain such approvals);
- (l) it includes full details of the bidder’s intended treatment of the Applicants’ stakeholders under or in connection with the proposed bid, including the Applicants’ secured creditors, unsecured creditors, employees, customers, suppliers, contractual counterparties and equity holders;
- (m) it is accompanied by a cash deposit (the “**Deposit**”) by wire transfer of immediately available funds in an amount equal to at least 10% of the Consideration Value, which Deposit shall be retained by the Monitor in an interest-bearing trust account in accordance with the terms hereof;
- (n) it includes a statement that the bidder will bear its own costs and expenses (including all legal and advisor fees) in connection with the proposed Transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis; and
- (o) it is received by the Applicants, with a copy to the Financial Advisor and the Monitor, by the Qualified Bid Deadline at the email addresses specified on Schedule “A” hereto.

10. The Applicants, in consultation with the Financial Advisor, the Monitor and the DIP Lender, may in their sole discretion waive compliance with any one or more of the requirements specified in Section 9 above and deem a non-compliant bid to be a Qualified Bid, provided that the Applicants shall not waive compliance with the requirements specified in subsections 9(b) or 9(c) without the consent of the DIP Lender.
11. If one or more Qualified Bids has been received by the Applicants on or before the Qualified Bid Deadline, the Applicants, with the assistance of the Financial Advisor and in consultation with the Monitor and the DIP Lender, may:
 - (a) negotiate with one or more of the bidders who submitted a Qualified Bid, including requesting that such bidder improve or otherwise modify the terms of its Qualified Bid (and any such improved or modified Qualified Bid submitted by a bidder shall be deemed to be a Qualified Bid hereunder for all purposes);
 - (b) (x) considering the factors set out in Section 9 of the SISP and, among other things, (i) the amount of consideration being offered and, if applicable, the proposed form, composition and allocation of same, (ii) the value of any assumption of liabilities or release of liabilities not otherwise accounted for in (i) above, (iii) the likelihood of the bidder's ability to close a Transaction by not later than the Outside Date (including factors such as: the Transaction structure and execution risk; conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments; and required governmental or other approvals), (iv) the likelihood of the Court's approval of the Successful Bid, (v) the benefit to the Applicants and their stakeholders, and (vi) any other factors the directors or officers of Applicants may, consistent with their fiduciary duties, reasonably deem relevant (collectively, the "**Consideration Factors**"); and (y) designate any Qualified Bid received to be the highest or otherwise best bid in the SISP (as may be designated pursuant to this subsection 11(b), the "**Successful Bid**" and the bidder making such bid, the "**Successful Bidder**"); or
 - (c) having regard to the Consideration Factors, designate any Qualified Bid received as the Back-Up Bid.
12. Except to the extent otherwise authorized by the Court, notwithstanding any other provision hereof no bid may be designated as a Successful Bid or Back-up Bid unless (x) it will pay out in cash on closing all principal, interest, fees and costs outstanding under the facility agreement dated as of December 6, 2018, between Glasshouse Canada, as borrower, DPDF IV, as administrative agent, and the lenders and guarantors party thereto (as amended, modified, supplemented and scheduled from time to time, the "**Facility Agreement**") or (y) it is consented to by DPDF IV.
13. Following selection of the Successful Bid, if any, the Applicants, with the assistance of their advisors, and in consultation with the Monitor and the DIP Lender, shall seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones set out in Section 7. Once the necessary definitive

agreement(s) with respect to a Successful Bid have been finalized, as determined by the Applicants in consultation with the Monitor, the Applicant shall apply to the Court for an order or orders approving such Successful Bid and/or the mechanics to authorize the Applicants to complete the transactions contemplated thereby, as applicable, and authorizing the applicable Applicants to: (a) enter into any and all necessary agreements and related documentation with respect to the Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the Transaction contemplated in such Successful Bid (each, an “**Approval Order**”). If the Successful Bid is not consummated in accordance with its terms, the Applicant shall be authorized, but not required, to elect that the Back-Up Bid (if any) is the Successful Bid.

14. The highest Qualified Bid may not necessarily be accepted by the Applicants. The Applicants, with the written consent of the Monitor and the DIP Lender, reserve the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Applicants, with the written consent of the Monitor, reserve the right to deal with one or more bidders to the exclusion of others, to accept a Qualified Bid for different parts of the Opportunity or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids.
15. If a Successful Bid is selected and an Approval Order authorizing the consummation of the Transaction contemplated thereunder is granted by the Court, any Deposit paid in connection with such Successful Bid will be non-refundable and shall, upon closing of the Transaction contemplated by such Successful Bid, be applied to the cash consideration to be paid in connection with such Successful Bid or be dealt with as otherwise set out in the definitive agreement(s) entered into in connection with such Successful Bid. Any Deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder by the Monitor as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is approved pursuant to an Approval Order or such earlier date as may be determined by the Applicants, with the consent of the Monitor; provided, the Deposit in respect of any Back-Up Bid shall not be returned to the applicable bidder until the closing of the Successful Bid.
16. The Applicants and the Monitor shall be permitted, in their discretion, to provide general updates and information in respect of the SISP to any creditor (each a “**Creditor**”) and its legal and financial advisors, if applicable, on a confidential basis, upon: (a) the irrevocable confirmation in writing from such Creditor that it will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Applicants in form and substance satisfactory to the Applicants and the Monitor. The DIP Lender and DPDF IV have irrevocably confirmed that they will not submit any bid in the SISP (provided that they may credit bid following the termination of the SISP), and as such the Applicant and Monitor shall consult and provide all information (subject to solicitor-client privilege) in respect of the SISP to the DIP Lender and its legal and financial advisors.
17. Any amendments to this SISP may only be made by the Applicants with the written consent of the Monitor and the DIP Lender or by further order of the Court.

18. Any secured lender of the Applicants shall have the right to credit bid their secured debt against the assets secured thereby up to the full face value of such secured lender's claims, including principal, interest and any other obligations owing to such secured lender; provided that any such secured lender shall be required to: (i) pay in full in cash any obligations of the Applicants in priority to its secured debt (including as contemplated by subsection 9(b) hereof); and (ii) pay appropriate consideration for any assets of the Applicants which are contemplated to be acquired and that are not subject to such secured lender's security; provided, however, that the DIP Lender and DPDF IV have confirmed they shall not credit bid unless and until the SISP is terminated.
19. The Applicants, following consultation with the Monitor and the DIP Lender, may at any time prior to the Qualified Bid Deadline bring a motion in the CCAA proceedings for approval of a 'stalking horse' bid in the SISP.
20. The Monitor will oversee the conduct of the SISP and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out herein and in the SISP Approval Order, and is entitled to receive all information in relation to the SISP.

SCHEDULE “A”: E-MAIL ADDRESSES FOR DELIVERY OF BIDS

To the counsel for the Applicants:

carmstrong@goodmans.ca; eaxell@goodmans.ca; jlinde@goodmans.ca

with a copy to the Financial Advisor:

mchesen@ssgca.com; mkarlson@ssgca.com; alamm@ssgca.com;

and with a copy to the Monitor and legal counsel to the Monitor:

ngoldstein@ksvadvisory.com; rjacobs@cassels.com; jbellissimo@cassels.com.

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**
**AND IN THE MATTER OF AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF CONTRACT PHARMACEUTICALS LIMITED, CPL
CANADA HOLDCO LIMITED, CONTRACT PHARMACEUTICALS LIMITED
CANADA, GLASSHOUSE PHARMACEUTICALS LIMITED CANADA, AND
GLASSHOUSE PHARMACEUTICALS LLC**

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

SISP APPROVAL ORDER

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Christopher Armstrong (LSO# 55148B)
carmstrong@goodmans.ca

Erik Axell (LSO# 853450)
eaxell@goodmans.ca

Jennifer Linde (LSO# 86996A)
jlinde@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

Court File No. CV-23-00697516-00CL

**AND IN THE MATTER OF AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF CONTRACT PHARMACEUTICALS
LIMITED, CPL CANADA HOLDCO LIMITED, CONTRACT
PHARMACEUTICALS LIMITED CANADA, GLASSHOUSE
PHARMACEUTICALS LIMITED CANADA, AND GLASSHOUSE
PHARMACEUTICALS LLC**

Applicants

**ONTARIO
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AFFIDAVIT OF JAN SAHAI
(sworn March 17, 2024)

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Christopher Armstrong (LSO# 55148B)
carmstrong@goodmans.ca

Erik Axell (LSO# 853450)
eaxell@goodmans.ca

Jennifer Linde (LSO# 86996A)
jlinde@goodmans.ca

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Fax: (416) 979-1234

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COMMERCIAL LIST**

THE HONOURABLE)	THURSDAY, THE 21 ST
)	
JUSTICE PENNY)	DAY OF MARCH, 2024

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CONTRACT PHARMACEUTICALS
LIMITED, CPL CANADA HOLDCO LIMITED,
CONTRACT PHARMACEUTICALS LIMITED CANADA,
GLASSHOUSE PHARMACEUTICALS LIMITED CANADA,
AND GLASSHOUSE PHARMACEUTICALS LLC**

(the “**Applicants**”)

STAY EXTENSION ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was heard this day by videoconference.

ON READING the affidavit of Jan Sahai sworn March 17, 2024, and the exhibits thereto, and on hearing the submissions of counsel for the Applicants, counsel for KSV Restructuring Inc., in its capacity as monitor of the Applicants (in such capacity, the “**Monitor**”), counsel for Deerfield Private Design Fund IV, L.P. and Deerfield Private Design Fund III, L.P., counsel for Royal Bank of Canada, and counsel for Export Development Canada, and such other counsel as were present, no one else appearing although duly served,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the materials filed in respect of this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period (as defined in the Amended and Restated Initial Order granted by this Court in these proceedings on December 22, 2023) be and is hereby extended up to and including April 12, 2024.

GENERAL

3. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal and regulatory or administrative bodies, having jurisdiction in Canada or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

Court File No. CV-23-00711401-00CL

**AND IN THE MATTER OF AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF CONTRACT PHARMACEUTICALS LIMITED, CPL
CANADA HOLDCO LIMITED, CONTRACT PHARMACEUTICALS LIMITED
CANADA, GLASSHOUSE PHARMACEUTICALS LIMITED CANADA, AND
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Applicants

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SUPERIOR COURT OF JUSTICE
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STAY EXTENSION ORDER

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED

Court File No. CV-23-00711401-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CONTRACT PHARMACEUTICALS LIMITED, CPL CANADA HOLDCO LIMITED,
CONTRACT PHARMACEUTICALS LIMITED CANADA, GLASSHOUSE
PHARMACEUTICALS LIMITED CANADA, AND GLASSHOUSE
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**MOTION RECORD
(Returnable March 21, 2024)**

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